

**LDWA BOARD MEETING MINUTES**  
**JANUARY 16, 2014**  
**LDWA Office, 1901 Silver Reef Drive, Leeds, UT**

**I. CALL TO ORDER** - Elliott Sheltman at 7:00 pm

1. Roll Call - Jim & Danielle excused
2. Pledge - John Markovich
3. Prayer - Elliott Sheltman

**II. INTRODUCTIONS OF ATTENDEES**, Jerry Otteson, Terry & Nina Danielson, Susan Savage

**III. ANNOUNCEMENTS** - ES introduced John Markovich to the Board

**IV. CONSENT AGENDA - APPROVAL OF MEETING AGENDA** August 22, 2013 and tonight's Agenda dated January 16, 2014

**V. REGULAR BUSINESS**

FIELD STATUS REPORT - Mark Osmer, Senior Field Operator reported that we passed Bac-T tests again.

- JP Excavating working at Silver Pointe Estates has been filling their water trucks onsite and we are billing them for the use.
- Mark found 2 dead waterlines in the area of the LDWA cement tank on lower Silver Reef Rd, which given the right circumstances, could have caused problems in the future. He looped the dead lines with the new line, eliminating possible future problems. Mark said there are some old 8" lines he suspects are from the old bus turnaround area on Oak Grove Rd, and if that is the case, it's about 1/2 mile of pipe with water sitting in it and needs to be permanently capped off to prevent water contamination. There is also a 6" line that joins into Bonanza Road and needs to be traced and capped at its end point. Mark suggested completing estimate to install a second line at the end of North Main St down to Vista Ave as it is the only line feeding water to all of downtown. Eventually plans are to loop that line around through Roundy Mt Rd, Silver Meadows Rd and Vista Ave to eliminate the dead end lines in those areas. Susan Savage asked if any of the lines might be old abandoned irrigation lines; Mark said no, he has confirmed they are culinary water.
- Mark flushed the hydrants at all the dead-end lines, resulting in a significant amount of debris being cleared out. Mark thought it may date back to 2010 when PPI upgraded and installed new lines.
- The Telemetry works the majority of the time, but the software and the old computer needs to be updated. Mark thinks the batteries may be failing; John asked if they are lithium batteries - Mark said yes. We have problems with the telemetry going off line and requiring to be reset due to bad weather and Rocky Mountain power surges. Plans are to relocate the telemetry from the (formerly named) Pink Tank to the Silver Reef Highlands Tank because of the installation of new valves.
- Oak Grove Rd / Division of Forestry - Mark said the heavy rainfall last August exposed the LDWA pipeline up in Oak Grove (Forestry Land). Three of our Air Vacs have been vandalized

on several occasions, but it is difficult to protect them given their location. Mark plans to repair them and place them in a camouflaged area to reduce chances of future vandalism.

Silver Pointe Estates (SPE) Subdivision update - They are preparing to dig; at this time, they are moving the reportedly non-contaminated dirt. Elliott said he spoke with Rick Sant and they must complete all contamination testing before they can proceed. Rick said commencing with the subdivision is now set for June 2014 at the earliest. LDWA is storing the water transferred by Rick Sant to LDWA in 2010, and at some point in the near future we should begin to charge them for that storage. Collection of Standby Tap Fees were to begin at that time, but never came to fruition.

Elliott said SPE plans to put a pressurized septic sewer line, which will occupy 2 of the 22 parcels in Phase I of the subdivision. If/when they reach Phase II and exceed 50 parcels, they will be required to install an underground sewer system and sewer treatment plant, and offered to pay for it (~ \$600,000) and donate it to the Town. The Town would then be responsible for its maintenance, repairs and replacements throughout the years.

It is important that LDWA have insight, oversight and inspection as the project moves forward to oversee the installation process of water lines, and ensure sewer lines are within the required distance(s) from culinary water line(s). Elliott & Mayor Peterson discussed options of who/how to oversee collection of sewer fees, as the Town does not have the ability to control the water supply in the event a customer does not pay the sewer bill. LDWA would have that ability as it controls water supply. Elliott said if we did take on the responsibility of managing the SPE septic sewer system, we would have to implement a form of a monthly 'standby septic' fee for it. LDWA plans to monitor and oversee SPE's installation of all lines and any engineering costs will be passed on to the developer as done in the past. We will check the sewer/septic rates in neighboring towns to determine an appropriate fee when the time comes. Ron added first we will get involved overseeing the project. John asked if Rick Sant planned to sell lots or build homes; Elliott said we don't know what the plans will be. This is an on-site sewer and typically within municipalities, the water company is also responsible for the sewers. Ron asked if there is a significant amount of documentation and recordation required by the state to install sewer lines. Elliott said we first need to propose a plan and present it to the Town.

Shareholder Terry Danielson said there is no way LDWA should be involved with any sewer or septic systems within Leeds. Terry said generally when you look at a plan like this, with concentrated sewage in one area, it has a much better passage way to seep and enter into good groundwater. Shareholder Jerry Otteson said all sewage treatment systems are prepared for accidents or another way out, and he wonders why Rick Sant hasn't established a back-up plan, assuming homes are going to be built. Elliott said it would flow/seep to into the lowest point in the property. Jerry said if it gets backed up, he will need to bring in a sump-pump truck to move it out. Elliott said that's why LDWA needs to have oversight for this, as we've seen time and time-again incidents where work that is 'assumed' done correctly, in reality is not even close. Terry cautioned that once you assume those responsibilities, whose going to fix the problems over time? Terry said given the radioactive and other contaminant substances that have been found down there, someone is going to pay dearly for the future sewer system's problems. Ron asked if there's any way to require the developer to be the responsible party? Elliott said yes, we will require them to bond when they begin to build. Terry asked what kind of agreement does LDWA have with the Town in determining & defining the Culinary Water Service Area. Ron said back in 2009, one of the requirements to obtain the DDW loan was to define LDWA's service area. In early 2010, Mayor Lefler gave his assurance that the Town would deem LDWA as the Water Provider for the Town. Ron said they are now working on this with Leeds

new Mayor, Wayne Peterson, and he also supports Mayor Lefler's stand. Ron said there is no formal agreement with the Town as of this date, but given the governance since Mayor Lefler's departure, it was not possible. With our new mayor we believe it will be completed by end of 2014. Ron added that the recent findings of toxic metals in that area puts it in a different light as the Town does not have the resources to take on the responsibility.

Terry asked why Angell Springs has not gotten together with LDWA? Ron replied that LDWA is legally required to serve municipalities only, and the Angell Springs service area is unincorporated.

FINANCIALS. Karen reported that the 2012 -2013 Financial Reports and Budgets are posted on the home page of the website along with the proposed 2014 Budget, which will be presented at the 2014 Annual Shareholder Meeting.

## **VI. DISCUSSION**

Elliott said water supplies are going to become an even bigger issue over the next ten years, and LDWA has now implemented a stringent fee schedule for water that is used for construction.

Ron explained the proposed amendments to the bylaws re: the certificates. Now that LDWA's uses the Washington County Tax Parcel ID #s to identify parcels served by LDWA, the paper certificate is unnecessary.

**VII. ADJOURNMENT** - Motion by Elliott Sheltman, second by John Markovich at 8:15 pm.

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Karen Markovich, Corporate Secretary

**LEEDS DOMESTIC WATERUSERS ASSOCIATION ANNUAL SHAREHOLDERS  
MEETING MINUTES - THURSDAY, March 27, 2014**

**CALL TO ORDER**

Welcome - Elliott Sheltman

Prayer - Jim Vasquez

Pledge of Allegiance - Elliott Sheltman

**SHAREHOLDERS PRESENT FOR MEETING:**

Donna Ricci

Glenda Rehfeld

Penny Weston

Roxanne Leonard

Arlene & Wells Greene

Jerry & Marlise Otteson

Susan Savage

Terry & Nina Danielson

Bob Breskin

LoAnn Barnes

Manny Goy

**BOARD MEMBERS PRESENT:**

Elliott Sheltman

Jim Vasquez

Danielle Stirling

Ron Cundick

John Markovich

**STAFF PRESENT:**

Mark Osmer

Karen Markovich

**CONSENT AGENDA**

Motion by Ron Cundick, 2<sup>nd</sup> by Elliott Sheltman, all unanimous to approve meeting minutes dated February 5, 2013, and tonight's meeting agenda dated March 27, 2014.

**ANNUAL REPORT - ELLIOTT SHELTMAN, PRESIDENT**

Elliott thanked shareholders for attending tonight's meeting, and noted the regularly scheduled Annual Shareholder Meeting set for the first Tuesday in February was moved to March 27, due to the passing of Mark Osmer's father in England, and the passing of Karen Markovich's father on February 3.

Update on field work and projects that have been completed and in process: The interior and exterior of all water storage tanks have been cleaned and exteriors of the tanks have been painted. Old service lines within the Town are being replaced and upgraded to meet or exceed the current requirements. Estimate completion of the project to be in 2016, and may change based on unplanned projects or emergencies within the Town.

LDWA is in the process of establishing a master plan to verify all existing water rights and our water storage capacity. This will provide the information necessary to determine exactly how much water we can provide for new development, and the amount of water rights that will be required to bring to transfer to LDWA. Ron Cundick completed the tedious task of reviewing and verifying all of LDWA's water rights with their points of diversion, including water rights with certified Proof of Use by the Division of Drinking Water.

We now have established a fee schedule for lease of water meters that are used during

for outside entities such as developers and non-shareholders to lease meters and it is relatively cost-prohibitive to discourage the use of millions of gallons of water.

Danielle reviewed the balance of all bank accounts as of Jan 15, 2014. We have ample savings and are ahead on the project upgrade funding balance.

Elliott added that the first \$20 off the top goes to the loan and short-payers are

Loanne asked about the loan and how long it will take to pay it off.

Terry Danielson asked if we have sat down and planned an aggressive water conservation plan. Danielle said it can be a double-edged sword as if we don't use it, we can lose it as happened in Angell Springs.

Karen added that we have an official Water Conservation Plan as was required by the DDW/DEQ and it is posted on the website along with conservation tips.

Elliot said in some circumstances, the govt is paying farmers NOT to plant in order to save water. Ron added that the state is taking a more aggressive role in adding fees, and they are looking at .60 acre feet per family; where 5 years ago, we were requiring 1.0 acre-feet per family. Ron said one of the ways you proof up on the water, and one way to do that is

Susan Savage asked if this is a change in the distinction b/w culinary and irrigation water - Ron said there was a statutory change to allow companies to ...

Now we hold water for standby taps for parcels that do have a water right assigned and we can hold the water for each of those parcels. ---

The trend is for the state to allow the conversion but it is not a 1:1 rate; they are losing in the long run. --  
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LoAnn asked if we have measured how much water comes out of the spring. The spring is flowing at a steady rate for over 2 years, consistent month over month. ---

Susan Savage asked if we are going to discuss the amendments to the bylaws. Ron explained the rationale on moving to paperless certificates.

In the past, certificates were issued and assigned to the individual property owner. We now assign each share to its respective Tax Parcel ID#. We no longer deal with the occupant of the home, we bill the name on the recorded deed. Having move to that, there is no reason to have a paper share certificate. We looked at the cost to reissue paper certificates ...

Susan asked for instance, in their family they have another sister wo... Ron will meet with Susan to discuss the details of the ownership issue.

Arlene Green asked if you have different

sell them; others lost their certificates; misfiled, and need to be replaced; they are misfiled, lost

### **NOMINATIONS**

Ron Cundick - 17 votes

Danielle Stirling -

John Markovich -

Susan Savage -

Penny Weston -

Roxanne Leonard -

### **AMENDMENTS TO BYLAWS**

1-4 passed - 16 for

1 no vote

## LDWA BOARD MEETING MINUTES THURSDAY, MAY 15, 2014

**Meeting location: LDWA Office, 1901 Silver Reef Drive, Leeds, UT**

*Meeting audio-taped by John Markovich; minutes transcribed by Karen Markovich*

1. **Call to Order** - at 7:00 pm by Elliott Sheltman, President.
2. **Roll Call** - Board members present were Elliott Sheltman, Ron Cundick & John Markovich. Jim Vasquez and Danielle Stirling were excused.

Field Operator Mark Osmer & Corporate Secretary Karen Markovich were excused.

3. **Public attending** - Rick Hafen, Leeds Irrigation Water Co (LWC) Attorney, LWC Members David Stirling, Ron Whitmer, Brett Comas [arrived late]; Alberta & Neil Pace; Manny & Joy Goy.
4. **Pledge** - led by John Markovich.
5. **Prayer** - led by Ron Cundick.
6. **Motion** by Ron Cundick, **second** by John Markovich, and **aye** by Elliott Sheltman to **approve Consent Agenda for tonight's meeting agenda dated May 15, 2014 & January 16, 2014 Meeting Minutes.**

### CONTINUED & NEW BUSINESS

1. **Leeds Water Co. Request.** Leeds [Irrigation] Water Company (LWC) board members David Stirling, Ron Whitmer, & Brett Comas and LWC Attorney Rick Hafen were present to request LDWA provide water to LWC.

Ron Whitmer said we know we are having a dire dry year, and LWC has made some changes with the help of David Stirling who has worked to make the water go farther, which has helped the LWC tremendously. Whitmer said in years past, LWC had a cooperative situation with LDWA and they are hoping to work something out again to help supplement the LWC during these rough times. LWC knows it's a concern for LDWA to supplement them additional water, but they'd like to see what LDWA can do and they want to continue to work together in future years. David Stirling added that their attorney, Rick Hafen, is here tonight to answer any legal questions that may arise.

Elliott Sheltman asked if they wanted to discuss Hafen's letter dated April 14, 2014.

Rick Hafen said his understanding is that some time in 2007, the LDWA board & officers met with the LWC board members & officers and entered into an oral agreement under which LDWA would use LWC's portion of the Oak Grove Spring to satisfy the domestic culinary needs within LDWA, because LDWA was replacing its well. Hafen said it was represented to him by LWC that LWC provided water to LDWA through May 2013, a total of 6 years. It was also represented to Hafen that LDWA would replace the water used during those years on a 1-to-1 basis, and that LDWA had replaced some water to LWC, but most had not been replaced. David Stirling added that they want to reach a permanent binding agreement that would be perpetually ongoing each growing season.

Elliott Sheltman noted several clarifications for the record, as follows. *(Begin Recap)*

- LWC did not provide water to LDWA throughout a 6-year period of 2007-2013 as Hafen understood.

- LWC agreed that LDWA could take more water from the Oak Grove Spring during the 1-1/2 to 2-month period while the well was under repair in 2007; David Stirling concurred.
- Note for the record: LDWA holds water rights in the Oak Grove Spring, while LWC does not; LWC holds its water rights in the Leeds Creek, which is fed by the Oak Grove Spring.
- In June 2012, LDWA's board members Peter Aurigemma, Jim Vasquez and Elliott Sheltman met with LWC's members David Stirling, Craig Sullivan, Brett Comas & Don Goddard. The minutes of that 2012 meeting reflect that an agreement was reached where LDWA would do what it could to pump water to LWC during the dry months of July through October 2012. LWC acknowledged and agreed to the terms that this would satisfy repayment of the water provided by LWC to LDWA during the well repair in 2007, and also in addition to any other periods of time that LWC thought they might have provided water to LDWA. Because nothing had been put in writing to substantiate prior years' conversations and who said what - when, there was not a clear understanding of what may have transpired.
- LDWA provided as much water as possible to LWC for the 2012 growing season, with stipulations that providing the water would not adversely impact LDWA's ability to provide culinary water to its shareholders, and the pump is not capable of running 24/7 for an extended period of time.
- One year later in May 2013, LWC again requested LDWA provide water for the upcoming dry months for the 2013 season. A meeting was held with LDWA board members Elliott Sheltman, Peter Aurigemma, & Jim Vasquez met with LWC board members David Stirling, Brett Comas and Craig Sullivan.
- LDWA provided the 2012 records and documentation of the cost to LDWA to provide water to LWC in 2012, averaging \$2,000.00 month. This included expenses paid by LDWA for additional electricity needed to run the LDWA pump and man-hours spent for administration and field operations. Field operations estimates about 2-3 hours daily for LWC support, as there are additional trips up and back to Oak Grove.
- At the May 2013 meeting, Craig Sullivan stated LWC's water rights allow them to draw 5.0 cubic feet/second (2,200 gallons per minute) which comes to an annual ~ 1,161,000,000 (1.161 billion) gallons of water LWC can draw if it reaches their head gate.
- LDWA recorded the meter readings for the water provided to LWC for the 2012 growing period and calculated it pumped 38,000,000 gallons to LWC; however, LWC member Brett Comas said LDWA's meter was inaccurate and the actual amount of water LDWA pumped to LWC was half that amount at 19,000,000 - 20,000,000 gallons.
- Using Brett Comas' calculations of 19,000,000 gallons of water pumped to LWC from LDWA during the 2012 growing season, LDWA is capable of providing almost 4 days of water to and LWC during one growing season. What LDWA can provide is less than 2% of what LWC can use.
- The culinary water LDWA provided to LWC was 100% free of cost to LWC.

Elliott said they left the 2013 meeting with a general consensus of the reality that the amount of water LDWA could actually provide to LWC is insignificant. And David Stirling had stated LDWA stay within their limits taking water from the Oak Grove Spring (~ 56 - 60 gpm) and turn the balance of water back into the Leeds Creek, and LWC would do what it needed to get the Leeds Creek water to their head gate.

David Stirling asked how much LDWA can pump from its well - John Markovich said about 425 gpm. David said they are down to 2-1/2 cubic feet/second (cfs), and if 1 csf is 447 gpm, that is almost 1/3 more water than what they have. Elliott explained that shareholders are using substantially more water now for drinking and irrigation. LDWA has about 250 shareholders who are not served by the LWC, and even we pumped for an extended period of time, the majority of the water would be used for LDWA shareholders.

David asked if we have the numbers on what percentage of water was provided to them by LDWA in 2012. Elliott said LDWA probably used at least 200 gpm; David said that still leaves about 200 gpm (1/2 csf) and that's what LWC looks at. Elliott added that when the LWC is low on water, the LWC shareholders revert to using culinary water for their irrigation. That makes it more critical for LDWA, and with water supply conversely proportional to the hot weather temperatures, the result is increased water usage more critical than previous years. David asked if this means LDWA wants to continue with the plan to take only their allotment from the Oak Grove Spring and turning the overage that back into the Leeds Creek; Elliott concurred. David Stirling asked if LDWA could provide them with the number of gallons per minute that LDWA pumped to them in 2012; Elliott said Mark can provide the figures but estimates are that LDWA was using at least 50%. David said that is still over 200 gpm to LWC. David asked if LWC could have access to LDWA records of the water usage and Elliott assured him they are available to all shareholders. David asked if LWC could obtain a key to access to Oak Grove Spring and Elliott said no; LDWA didn't question LWC claims or Rick Hafen's interpretation of the rights to the Oak Grove Spring as provided in his 2012 letter, and we have continued to use those calculations. LDWA's board member Ron Cundick recently completed a comprehensive review and verification of each Water Right and at some point in the future, LDWA would like to discuss the findings with LWC.

Sheltman: That review found two things on the Oak Grove Spring: (1) LDWA is the only entity that actually has a Right to the Oak Grove Spring."

Hafen: "No, you're not"-

Sheltman: "as far as the water that's coming out of the Spring-"

Hafen: "-You have a specific right, and that is *all* you have a right to-"

Sheltman: "-to a particular amount of water, and at that point LDWA turns the water back into Leeds Creek. But as far as what is recorded with the Utah State Division of Water Rights, we are the only entity with Water Rights to the Oak Grove Spring." Ron Cundick agreed.

Hafen said he didn't know what records LDWA is keeping, but there is a discreet *quantity* of water to which LDWA is entitled, & a discreet *flow* to which it is entitled, and LDWA records need to be available. Cundick and Sheltman agreed and again LDWA said the records are readily available to LWC.

David Stirling again asked why they cannot have access to verify that at the Oak Grove Spring. Elliott said LDWA has the gpm on record and LWC is welcome to go to the Spring with LDWA's Field Operator and look at it anytime they want.

David Stirling said they want a key to access Oak Grove Spring to verify that at any given time, and again Elliott said LDWA has the recorded numbers on record and LWC can accompany LDWA's Field Operator when they want to go up to the Spring.

Ron Whitmer asked how much water LDWA is taking from the Spring; Elliott said about 55 gpm, and if the spring slows down, shouldn't it be about half of that amount?

Elliott said the Spring rarely goes down and it's not going down now.

David clarified Ron Whitmer's statement: "You [Ron Whitmer] are talking about how much water we're taking [LWC]."

Whitmer: "no no, as the drought continues, don't the numbers go down, so LDWA's numbers go down too?"

Elliott: "It's proportionate to that point, yes, and that means we would have to use the well more, and it would make it even more difficult to-"

David: "So what is our way to verify that?"

Hafen: "There are a number of factors that go into that, and depending upon the assumptions that are made, and we may not agree on the assumptions, on prorating the flow of the stream, so they [LDWA] are entitled to a max of 92-94 gpm, and if there's that flow available and depending on the deficit that LWC is running, LDWA may be prorated down to - If you can give me the flow & what LWC is getting from their

other source, then I can make some assumptions and tell them what I feel they're entitled to. They may not agree with me, so--"

Whitmer asked how you get those numbers and Hafen said some of them are on the internet, the LWC flow, the Leeds Creek is available; he said he didn't know the flow of the Oak Grove Spring. Hafen said it [the Spring] has been measured a couple of different times, 1 was 150 gpm, the other was 120 gpm, and it was indicated that it is now running at 60 gpm. Elliott said no, the Spring is now running around 140 gpm and it typically is 140 - 200 gpm. We have those numbers available.

Whitmer asked what the percentage is for LWC & LDWA. Hafen said it varies, depending on the deficit that the Leeds Creek is running; Elliott concurred.

Elliott said there are somewhat different numbers for the acre feet that LDWA is allotted from the Spring, we calculate LDWA is entitled to 73 gpm/93 gpm, rather than 60 gpm/89 gpm. Elliott referred to the Letter dated Sep 1987 from the State of Utah Natural Resources and we found this after-the-fact and will provide a copy of that to Hafen.

Whitmer asked if that means then that LDWA takes what they are allotted and turn the rest of we get from the Spring back into the Leeds Creek; Elliott concurred. Whitmer said how does LWC make sure they get what they feel is their fair share? Hafen said LWC has to check the records and make sure that what they're getting is correct. Whitmer asked Elliott how he can be sure and Elliott replied that LDWA provides the numbers to LWC and they can calculate it from there.

David Stirling asked if LDWA was in agreement with Hafen's original letter calculating the proration of water to each entity; example is if LWC's water drops to 50% from the Leeds Creek, then LDWA has to cut their flow 50% from the Spring. Hafen and Elliott said they aren't sure those percentages are completely correct.

Ron Cundick asked Hafen how the interface between LWC & LDWA.

Hafen said because LWC's diversion point is below where the Spring comes in, they are entitled to water from that source [the Spring], because Water Right holders are entitled to all of the water that comes into them from above their point of diversion. So, they are entitled, based upon that principle, to the flow of the Spring that would be prorated between the water users of the Spring. LDWA has 3 different Water Rights in the Oak Grove Spring: the original water right that came from LWC for the Town of Leeds, and two small water rights from the Silver Reef Special Service District (SRSSD). Together LDWA has a diversion right of .21 csf, or ~92-94 gpm. Hafen said LDWA is not entitled to that full flow 100% of the time as there is a volume limitation on that water right of 90 acre-feet. If LDWA takes the full flow of 92-94 csf, the volume will be exhausted in about 210 days. If LDWA takes a constant flow all year long, it can only take about 45 gpm and any excess must be turned into the Leeds Creek to flow down to the LWC for their use. Because LDWA and LWC have the same priority date of 1880, LWC is entitled to receive water from that source equal to the right of LDWA, if the water flow in Leeds Creek is not sufficient to satisfy their [LWC] 4.1 cfs water right out of Leeds Creek, and right now they are receiving ~2.0 to 2.5 cfs. LWC has a deficit of 2.0 cfs, so they would then need to (in some way) prorate the flow of the Spring to compensate them for their deficit in Leeds Creek. However we need to decide how to calculate that proration and there may be more than 1 way to do that.

Ron asked if we are at the point where we don't have enough water, and we are down to culinary or irrigation use, what then happens? Hafen said they are still entitled to their share of rights because of the equal priority. Cundick said he thought there was a state statute providing a priority

to culinary water use over irrigation use if there is an insufficient amount of water [such as an emergency or drought].

David Stirling said his understanding of the statute is that culinary water could then only be used for drinking, showering, and in-house use; all outside water use would be prohibited.

Elliott and Cundick said LDWA has very good of meter readings and encouraged LWC to review LDWA records. Cundick said LDWA does not know to what extent LWC meters its use.

Whitmer asked if the flow of water used by LDWA from the Spring should be reduced? Elliott replied that LDWA is running with the amount that is proportional, which is 55 gpm daily per year.

David Stirling said if LDWA is good with calculating what the LWC is diverting at their weir, could we do that - LWC now has a device (established by Alpha Eng) on their weir figured out a weir and the number can be input in the that, hey have a asked if LDWA could calculate the amount of water at their weir?

Hafen said the USGS gauging station is up stream, and there may be some water loss from it to the LWC weir. Their weir would be more accurate. David asked if LDWA would be okay with checking that and Elliott agreed. Elliott said we've only done this for 1-1/2 yrs as no one documented the water usage prior to this.

Elliott said we are both in the same business, and we are working to stay within the legal guidelines of what LDWA is entitled. Hafen agreed that it would be good to look at options; David wants to put something in writing for permanent use in the decades to come.

Request to transfer water rights to LDWA – Alberta Pace & Roger Sanders. Roger was not present for this meeting. Alberta said she has some property ~ 8 acres total on the east side of North Main on both sides of Majestic Mt Road (a circular culdesac). Her representative is Ian Crowe and Alberta is in the process of purchasing 2 acre-feet of water from Roger Sanders and requested LDWA accept the water. Ron Cundick said he was contacted by Roger Sanders who said he was selling Alberta Pace water. Ron said there is documentation that is required prior to transferring the water. In 2010, several individuals transferred various water rights to LDWA. We subsequently have discovered that most of those water rights have liens against them; banks have liens on them. For some of those water rights, we received notice from the Utah State Water division that until title is cleared, we could not do anything with them. We don't know if they apply to water rights that Roger Sanders brought over, but they do apply to water rights that he held jointly with other parties. At this point we aren't clear which water rights are involved and LDWA will need proof of clear title (free of liens & encumbrances) before we can accept them. All of the water rights were transferred by Quit-Claim Deeds and that means that whatever title the transferor has, whether it is good or not, is what they are transferring. Ron said LDWA now has 'Title' to the water shares, but the original sellers have beneficial interest in it which means he has not been paid. **Ron explained to Alberta that Roger Sanders is not conveying water rights per se to her, he is conveying the right to come to us and use the water.** LDWA water rights are owned by the company and the individual shareholders have shares within the company. There is no problem with your plan, but we need the documentation. If we find there are additional problems we will address those. First we need to verify where Roger got title for the water rights he is selling to

Alberta, because according to the State some of these rights are claimed by the previous owners. We need to see what the nature of the liens and encumbrances are. You then need to obtain release of the lien(s) for your protection, and an affidavit from Roger Sanders verifying that there are no additional liens remaining on the water right(s). Elliott said we will provide a written letter through the office to Alberta & Roger Sanders with the requirements necessary to proceed. Alberta asked to contact Ian Crowe also.

ENCROACHMENT PERMITS with the TOWN. Mayor Peterson wants a 5-year guarantee from LDWA for road repairs within Leeds. Elliott said LDWA is bonded when completing road work and three years is more than sufficient.

## **VI. DISCUSSION**

Elliott reiterated that all correspondence first go through the office so there is clear oversight for all board members.

Elliott discussed the Silver Pointe Estates, Rick Sant's project, as the Town of Leeds continues to approve extensions to their Plat Approval. LDWA's Agreement with Rick Sant was predicated on the Town enforcing their ordinances, and now that they have granted exceptions to their ordinances and timeline extensions, it is worth revisiting the original Agreement. The board agreed to look into this if Mr. Sant gets yet-another extension from the Town. John said it has gone on for 5 years and Sant could continue to postpone filing the Final Plat.

Tank #450 overflow line - John Markovich said there is the possibility that the existing line could overflow and we re looking to extend it across the Forestry to prevent any possible overflow.

**VII. COMMENTS** Manny and Joy thanked the members for their work and service on the Board.

**VIII. ADJOURNMENT** - Elliott Sheltman at 8:30 pm

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LDWA

**LDWA BOARD MEETING MINUTES**  
**7:00 PM, THURSDAY, JUNE 19, 2014**  
**LDWA Office, 1901 Silver Reef Drive, Leeds, UT**

- I. CALL TO ORDER - 7:00 pm by Elliott Sheltman.  
PRESENT. Elliott Sheltman, Ron Cundick, Jim Vasquez, Danielle Stirling. Board member John Markovich & Secretary Karen Markovich were excused.  
PLEDGE. Led by Elliott Sheltman.  
PRAYER. Led by Jim Vasquez.
- II. ATTENDEES - None.
- III. ANNOUNCEMENTS - none.
- IV. REGULAR BUSINESS.
  1. FIELD STATUS REPORT- Mark Osmer, Senior Field Operator.
    - Bac-T tests passed bringing us to three years this month without a failure.
    - Ron asked if chlorine levels vary; Mark replied the ratio remains the same and as water use increases, additional chlorine tabs are added to compensate.
    - Elliott asked for status of the Flow & Flush (F&F) of dead-end hydrants. Mark has an F&F schedule and uses it as a guide. From time to time we receive a report from a shareholder who is served water at the location of a dead-end line and additional F&Fs are completed and the schedule is adjusted accordingly. The water flow is timed to calculate how much water is used for each F&F.
    - Fire Chief Lewis was on-site to identify location & distances of three fire hydrants. The driveway of the home located at 931 N. Bonanza Road (Parcel #L-BOE-13) has been extended, bringing emergency access to its fire hydrant up to code. The dead-end pipeline at the fire hydrant on East Center will be cut and moved back about 200 feet to bring its location up to code. The hydrant located at 840 S Red Cliffs Rd (Parcel #L- 4-1-13-130) is enclosed within a fenced courtyard, making direct access for emergency vehicles impossible; a fire hose would need to be fed through the fencing to connect it to a hydrant. It's difficult to flush it and should be moved outside the fencing and down on the road. Given the F&F historical data, that hydrant does not meet the minimum requirements. Elliott asked for a drawing of the current location, the proposed location, the distances and the cost estimates to complete the project and submit to the Board for expenditure approval.
    - Mark completed installation of a new service line on Silver Hills Road and replaced a service line on Vista Ave. A damp area around a water meter in Eldorado/Silver Shadows area was caused by a meter leak, it has been Blue Staked, and will be repaired next week.

- Allied Fence installed new security fencing around the SRH Tank. The area around the tank required excavation to extend access to accommodate larger vehicles in the event of an emergency.
- There are plans for a security gate at the El Dorado Well as there is only one road leading to it.
- Elliott discussed installation of an additional line to the 100,000 gallon El Dorado Storage Tank. The El Dorado Storage Tank was built in 1992 and has had nominal use. Currently the tank is not incorporated in the system and requires on-site manual operation when used. LDWA Engineer Karl Rasmussen suggested installation of an extra line, and an altitude valve given the El Dorado Storage Tank is the lowest of LDWA's existing storage tanks. That would provide the ability to store an additional 1000,000 gallons of water from the SRH Well and Oak Grove Spring water sources. The water from the El Dorado Well would **not** be added to the system given the hardness of the water & unfavorable taste, and is reserved for emergency use only. Mark manually keeps the El Dorado Storage Tank filled with water from the SRH Well and drains the tank monthly to keep the water fresh and prevent silt build-up. The water that is drained flows down to the old wash. Installation of the new line would provide LDWA with almost one million gallons water storage capacity. Secondly, the El Dorado pump house needs repairs including a metal door and new stucco. Ron would like to move forward with this project given the ongoing drought; Karl Rasmussen will provide engineering plans once he assesses the site.
- Elliott discussed concerns regarding the power line recently installed on Silver Hills Road to provide power to the new home. The power lines were installed on top of LDWA's water line. Karen contacted Clint in Filed Support with Rocky Mt Power [1-888-221-7070]. Work Order #5916262 was issued to have the line installation & trench inspected. Local Rocky Mt Power rep Wes visited on-site and inspected the location of the power line. Wes contact Karen and reported that the four to five foot 'Direct Bury' rule doesn't necessarily apply to lines that are installed perpendicular to one another, as the lines are in this case. The rule is primarily enforced when lines are installed parallel to one another. Rocky Mt power subcontracted the installation of the pipeline and we can't force them to move the line. Wes said they aren't as strict in rural areas; he provided LDWA with his local field contact #435-691-3703. LDWA has documentation and photos of the incorrect installation of the power lines for future use if needed.
- The overflow line on what was formerly called the 'Pink Tank' is not large enough to carry 100% of the overflow and occasionally a small amount of water overflows into the old ditch. Elliott discussed options to ensure 100% of the overflow goes back into the Leeds Creek. We can install an additional overflow line or replace the current line with a larger pipe. Karl Rasmussen will check the area as the old irrigation ditch is no longer maintained. Elliott noted Mark found the valve located on Oak Grove Road had [once again] been unlawfully turned and opened, causing the ditch to fill with water. Elliott said Mark and John came up with a solution that locks the valve, prohibiting tampering by unauthorized individuals.

- Elliott reported LDWA brought in over \$30,000 from meter rental and water use by Sunroc (the I-15 project) and the Silver Pointe Estates Subdivision.
  - Reminder to Mark - assess security needs to protect the air vacs up in Oak Grove Road and the camping areas.
2. FINANCIAL REPORT. Danielle reported LDWA paid an additional \$100,000 toward the balance of DDW/DEQ Loan #3F138 (Project Upgrade), with over \$600,000 remaining in LDWA financial accounts. Danielle recommended extending the term of the \$72,000.00 CD to five or ten years, and options the Board can take to ensure available funds are used for LDWA's infrastructure as intended.
- V. DISCUSSION - COMMENTS.  
Elliott recapped the importance of maintain a clear and tidy area around the Cement Tank on Silver Reef Road, as we plan to move forward on converting the building to our operations hub (Command Center).  
Related to that, is the recent move to discontinue scheduled open office hours and instead meet by appointment only, allowing time to have at least two people present. Over the past few years, there have been instances of aggressive &/or rude behavior exhibited at the office from more than one shareholder.  
There have been no complaints or requests to keep the office open and meeting by appointment only eliminates the opportunity of adverse confrontation.  
This will satisfy Town official's concerns regarding public traffic for Open Office Hours at LDWA's future location, the Cement Tank building on Silver Reef Rd. The building will be used only as the control center, providing secure headquarters for operations. Elliott has contacted a member of the Historical Committee in hopes to establish the Cement Tank as an official historic site.
- VI. ADJOURNMENT - 8:20 pm by Elliott Sheltman.
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**LDWA BOARD MEETING MINUTES  
AUGUST 28, 2014**

- I. CALL TO ORDER - Elliott Sheltman  
Prayer led by Ron Cundick  
Pledge led by Elliott Sheltman
- II. ATTENDEES  
Board members present - Elliott Sheltman, Ron Cundick, John Markovich; board members excused - Danielle Stirling and Jim Vasquez; Mark Osmer Field Operations; Karen Markovich taking minutes.  
Presenters - Rick Sant, Silver Pointe Estates & Alpha Engineer Glen Carnahan, PE.  
Shareholders - John Poast, Manny Goy, Carmen Villalobos.
- III. ANNOUNCEMENTS. The lease between LDWA with Washington County for the use of the Rice Bank building, 1901 Silver Reef Dr, has been renewed.
- IV. REGULAR BUSINESS
1. **Consent Agenda. June 16, 2014, May 15 Mtg Minutes and tonight's Aug 28, 2014 Agenda. Motion by Elliott Sheltman, second by Ron Cundick, with all unanimous to approve tonight's consent agenda.**
2. **Silver Pointe Estates.** Rick Sant has been working on the reclamation of the property for about 6 months. Originally in 2010, they knew the land contained mining tailings, they would be required to clean it up, and pass State Regulations [*Division of Environmental Response & Remediation (DERR)*]. The State's Voluntary Reclamation Program (VCP) sets forth the process for the cleanup, interim State inspections, and eventual final approval.

At that time based on the decline in the real estate market, they did not move forward with the cleanup process until Sep 2013 & completed it in Mar 2014. The DERR requires all processes be documented and they are currently working on that. The repository must be inspected to verify the areas are permanently sealed preventing any future access, disturbance, or use for any purpose. They are required to establish a program approved by the State for annual inspection, to be routinely inspected by the State on an annual basis.

Sant said the first problem encountered when beginning the cleanup was the result of the 1950 mining of uranium in that area and up along the hillside, with the tailings below. Then about 12 years ago, the state backfilled the mines with the tailings. The tailings were contaminated with uranium and mercury. They now have been required to remove the tailings, place them in the repository, and refill the mines with clean soil/fill.

Sant said another problem encountered is that over the course of the past 120 yrs, the rain washed uranium and mercury sand down to the proposed build area and there was a river of water going through the area; it carried the mercury sand all through the waterway. Sant said they had to dig out all of that and it is now in the repository, fenced off from the proposed build areas.

The contaminated material in the repository consists of about 40% radioactive uranium and 60% liquid mercury.

The cleanup report was submitted to the State in July 2014, and Sant said he expects to have acceptance for Cleanup on Phase 1 within a month. Sant said to their knowledge, Phase II site is clean of uranium & mercury and ready for development.

Cleanup of the pioneer cemeteries and the Tecumseh Hill site will also be required.

Originally in 2012, Phase I included 45 lots; but due to the downturn in the market, they have modified the number by half, now at 22 lots. The revised Phase II will include 23 lots in the area located closer to I-15.

Sant added that the real estate market has not gotten any better; he will see what the market is doing during the Parade of Homes 2015 & hope to break ground early next year (Jan & Feb 2015).

Sheltman asked if there were 105 lots in the SPE Development. Sant said yes, they currently plan to build out all 105 lots within the development, in several Phases. Sant said the original SPE Phase I of 45 lots was submitted for approval to the Town 6 yrs ago.

About 2-1/2 yrs ago, they realized it would be foolish to build 45 all at one time, so they split the area into 22 lots for Phase I and 23 lots for Phase II (area closer to I-15). Sant said they plan to put the improvements in first, and then record the map, and do the same thing for Phase II in about 2 years (2016).

Manny Goy asked if these will be custom homes and if they will be built on the ridge, Sant said yes to both questions, but the homes will only be single story and colors will be earth tones to blend with the area. Manny asked if the homes would be visible to the public and Sant concurred, the homes will be visible. John Markovich said this is unrelated to water, but do the subdivision plans include street lights. Sant said yes they include street lights which are typical in developments, and he asked his engineer to check with the Town.

**Sant said they deeded 105 acre feet water to LDWA in 2010, the water rights are free and clear of encumbrances and not associated with the Shanto lawsuit. Their plans continue to drag on, postponing to break ground with this economy.**

Sheltman said while the Town may have Phase II plans for their review, **LDWA has not received Phase II Plans. LDWA doesn't want to hold up progress for Rick Sant's development and we've asked our engineer Karl Rasmussen to begin his review.**

**Sant said their plans now need to be re-approved as the original approvals have expired. The Dixie Utility company will have to be re-approved also. Sant said he knows this is old, he will need to get re-approval and understands they will have to start over with the process.**

They've set up CCRs and control guidelines such as the size, colors, materials, landscaping. Each parcel is 1+ acre, and all will have build pads similar to that in Silver Reef Highlands. Price points for the lots are \$150k for 1 acre, \$200k - 250k for 2-acre parcels.

**Sant confirmed that LDWA engineer will go through their plans and make recommendations. Sheltman said we provided a list of requirements about a year ago, and we will revisit that. Sant's engineer agreed to submit documentation through LDWA email with copies to Karl Rasmussen.**

3. Field Report. Mark Osmer, Senior Field Operator.
  - All Bac-T tests passed.
  - The lightning strikes resulted with the need to purchase a new converter for the telemetry system.
  - The El Dorado pump House needs to be repaired and we will install a culvert once the building is secured.
  - We've upgraded the 2" bypass PRV located on Silver Reef Road to a 4" PRV. Mark said he's repaired the pipeline in the Bonanza Flats several times, and we need to get costs for that.
  - We are metering the Oak Grove Spring and are taking about 55-60 gallons per minute (gpm). Mark noted the gpm drops at night.
4. Financial Report. Treasurer Danielle Stirling was excused from the meeting; Sheltman reported that with our wise management of funds, LDWA continues to make improvements of our infrastructure without raising shareholder rates. We have also collected significant revenues from meter rental water usage for various construction in Leeds.

## V. NEW BUSINESS

1. Discussion of Shanto LLC water rights. Ron Cundick talked to Roger Sanders, the attorney who originally represented the Water Rights included in the August 24, 2010 Agreement with LDWA for the sale of the Water Rights; the issue seems to be that there was an effort to pull the water off the land and the property owner said the water was tied to the land. Ron said we'd like the water, but he thinks it's a matter of who recorded title first. Sanders offered to file on behalf of LDWA, with no charge for his services.
2. Silver Reef Park water. The leak at the Silver Reef Rd/Silver Reef Dr 'y', the location of the Town's Silver Reef Park, was a result of a broken Leeds irrigation Water Company (LWC) pipeline and not part of LDWA's infrastructure. It appears the trees in that area received water for several years. Sheltman said it is time for LDWA to utilize its LWC irrigation shares at that area to keep the trees alive.

## VI. ADJOURNMENT at 8:30 pm.