



Leeds Domestic Water Users Association
will hold a Meeting of the Board of Directors
Wednesday, January 19, 2022 at 7:00pm.
This will be a hybrid meeting open to LDWA shareholders.

This meeting is open to LDWA shareholders and will be held in person at the "Cosmopolitan" (1915 Wells Fargo Road, Leeds UT), and remotely via ZOOM.

If you are interested in participating remotely via Zoom, please email LDWAcorp@infowest.org for the Zoom details.

Regular Meeting 7:00PM

1. Call to Order / Roll Call - [Aaron Bateman, President](#)
2. Prayer
3. Pledge of Allegiance
4. Consent Agenda
 - a. Tonight's Agenda
 - b. Meeting Minutes of Prior Meeting
5. Reports
 - a. President's Report – [Aaron Bateman](#)
 - b. Field Operations Report – [Don Fawson, Larry Bruley, Mark Osmer](#)
 - c. Finance Report – [Sharon Johnson, Treasurer](#)
 - d. Administration Report – [Doris McNally, Vice President](#)
6. Shareholders Comments: No action required on a matter raised under this agenda item. (Three minutes per person).
7. Roll Call Vote to close electronic meeting
8. Motion to Adjourn Meeting.



Leeds Domestic Water Users Association (LDWA)
545 N Main Street, Suite #7 | PO Box 460627 | Leeds, UT 84746
Phone: (435) 879-0278 | E-Mail: LDWAcorp@infowest.com | Web: ldwacorp.org



Minutes

Date/Time/Location:	January 19, 2022 07:00PM Hybrid Meeting: Cosmopolitan/ZOOM
Type of Meeting:	Meeting of the Board of Directors
Note Taker:	Doris McNally
Attendees:	Members/Staff: Aaron Bateman (P), Doris McNally (VP), Don Fawson (M, Field Ops), Larry Bruley, (M, Field Ops), Sharon Johnson (Treasurer), Mark Osmer (Field Mgr) Guest: Kurt Allen (SunRock) Shareholders: Ron Cundick, Daryl Lewis, Devin Anderson, Steve Laski, Julie Bruley

Agenda Topics

I. CALL TO ORDER [Aaron Bateman]

CALL TO ORDER	Aaron Bateman @ 7:00PM
ROLL CALL	Present: Aaron Bateman, Doris McNally, Don Fawson, Larry Bruley, Sharon Johnson

II. PRAYER [Sharon Johnson]

III. PLEDGE [Larry Bruley]

IV. AGENDA CONSENT & PRIOR MEETING'S MINUTES APPROVAL [Aaron Bateman]

VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Doris McNally SECOND: Larry Bruley MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE TONIGHT'S AGENDA: Doris McNally SECOND: Larry Bruley MOTION APPROVED: Unanimously

V. OFFICERS REPORTS [All Board Members]

PRESIDENT'S REPORT [Aaron Bateman]

DISCUSSION	Annual Meeting Preparation
The Board has been very active putting together information and preparing for the upcoming Annual Meeting. We invite all our shareholders to join us on February 2, 2022 @ the Cosmopolitan.	

FIELD OPERATION'S REPORT [Don Fawson, Larry Bruley, Mark Osmer]

DISCUSSION	S-CURVE VAULT & PRV RELOCATION [Larry Bruley]
<p>The PRV and Vault on the S-Curve were relocated to just South of the Cement Tank on Silver Reef Road. The location of the vault and PRV were much less than optimal for a couple reasons. The vault was nearly touching the road. It was located in a commonly used staging area where vehicles were constantly driving over it and parking on it. Many times, leaving their vehicles all day while they were off roading or exploring. With a vehicle parked on it we would have no way to access the PRV should a need arise.</p> <p>We had been having some trouble with some connections leading into and out of the vault. This allowed us to eliminate an additional PRV that was located on the Cement Tank property. This PRV was serving exclusively the Bonanza Flats area. This PRV was in a horrible state of disrepair and had become unrepairable. It was being held together with chains and was a constant pain with leaks.</p> <p>The structure that was housing the Bonanza Flats PRV was subterranean and constantly flooded making access very difficult at times. The structure was also in disrepair. By eliminating the PRV we were free then to completely remove the structure as well. The Bonanza Flats transmission line was then relocated to the new Vault location and reattached to the line heading out to Bonanza Flats. Once again we had an awesome crane operator who was able to remove and replace these massive concrete vaults without damaging any pipes or valves.</p> <p>After looking at the vault that was left on the tank property from the Center and Main we surmised that although it was not sound enough to use as a vault it certainly was good enough to use as a pump house. So we tore down the old El Dorado Adobe pump house which was in terrible disrepair and utilized the same crane time slot to relocate the old vault up to the El Dorado site and placed it over the well pipe in place of the old structure. Altogether this project went very very well and solved several issues while also being extremely cost effective.</p>	

DISCUSSION	HYDRANT INSPECTION & MAINTENANCE [Don Fawson]
<p>During the recent warmer weather, Mark was able to complete the flushing and servicing of the fire hydrants attached to our water system. This is necessary on an annual basis to assure hydrants are mechanically sound, properly lubricated, cleared of sand and stagnant water, and outlet caps are exercised to assure they are not seized and are easily removeable by the fire department. This process also allows us to identify and mitigate any weaknesses in our PRV structure. During this last flushing cycle we discovered one defective hydrant that we are in the process of repairing along with numerous hydrant caps needing attention.</p> <p>Mark and I will be numbering all the hydrants in our system to better track all service and repairs to each individual hydrant as well as maximum water flow rates. This will be coupled with GPS data and supplied to our Fire Department to better assist them in locating the best hydrant case of emergency.</p>	

TREASURER'S REPORT [Sharon Johnson]

DISCUSSION	Shareholder Account Overview & Top Level Financial Recap (Jan 1-Oct 31th 2021)	
*SEE ATTACHED LDWA PROFIT & LOSS STATEMENT January through December 2021		
2021 LDWA YEAR-END SUMMARY		
TOTAL ORDINARY & OTHER OPERATING INCOME		\$293,193.03
TOTAL FIELD EXPENSES		\$(156,026.80)
TOTAL ADMIN EXPENSES		\$(18,442.72)
CPA EXPENSES		\$(3,081.95)
LEGAL		\$(6,209.50)

PAYROLL WAGES	\$(59,346.26)
TAXES	\$(17,178.77)
MAJOR REPAIR/EMERGENCY FUND INCOME	\$18,834.00
MAJOR REPAIR/EMERGENCY FUND EXPENSES	\$(48,649.72)
2021 YEAR-END NET GAIN:	\$3,091.31

The LDWA's Banking Accounts Stand at: (01/19/2022)

CHECKING ACCOUNT:	\$82,671.62
EMERGENCY REPAIR & MAJOR PROJECT RESERVE	\$308,643.67
DDW LOAN #3F138 FUND	\$4,463.48
IMPACT FEE ACCT	\$14,508.55
SAVINGS ACCOUNT:	\$327,687.70

ADMINISTRATIVE REPORT [Doris McNally]


DISCUSSION		PAYCLIX					
	Credit Cards		Electronic Checks		PayClix®		
	Count	Credit Cards	Count	eCHECK	Count	TOTAL	
JAN	0	\$0.00	1	\$642.71	1	\$642.71	
FEB	1	\$45.00	3	\$1,150.35	4	\$1,195.35	
MAR	12	\$660.87	4	\$529.50	16	\$1,190.37	
APR	12	\$611.77	8	\$8,915.06	20	\$9,526.83	
MAY	18	\$1,077.03	6	\$423.69	24	\$1,500.72	
JUN	23	\$1,681.15	5	\$180.37	28	\$1,861.52	
JUL	22	\$1,398.54	12	\$5,805.57	34	\$7,204.11	
AUG	22	\$1,103.92	9	\$1,983.98	31	\$3,087.90	
SEPT	22	\$1,614.64	13	\$4,202.25	35	\$5,816.89	
OCT	14	\$913.14	6	\$408.67	20	\$1,321.81	
NOV	23	\$1,758.82	8	\$1,008.31	31	\$2,767.13	
DEC	24	\$1,171.40	17	\$1,183.12	41	\$2,354.52	
	193	\$12,036.28	92	\$26,433.58	285	\$38,469.86	
*as of 12/31/2021							
# of PayClix Users (YTD): 70							
Credit Card Usage: 93% Visa							
Total \$ Usage: 69% Echeck							

Dec was biggest user month with 41 payment going through Payclix.

In 2021 we had 285 payments submitted by 70 shareholders.

193 card payments, where Visa charges represented 93% of usage.

We had 92 electronic checks. E-Checks represented 69% of the total dollar amount processed through PayClix's.

DISCUSSION	New Web Content & News Drips :: WATER QUALITY & HARDNESS	
<p>On our December 2021 Invoices, produced and postmarked 01/04/2022, the following note was included on the back of the cards:</p> <p>***</p> <p>The Leeds Domestic Water Users Association (LDWA) Annual Meeting will be on Tuesday, February 1, 2022 at 7:00 PM.</p> <p>The meeting will be held at The Cosmopolitan Building, 1915 Wells Fargo Rd, in Silver Reef, UT 84746.</p> <p>***</p>		<p>LDWA ANNUAL SHAREHOLDER MEETING</p> <p>The Leeds Domestic Water Users Association (LDWA) Annual Meeting will be on Tuesday, February 1, 2022 at 7:00 PM.</p> <p>The meeting will be held at The Cosmopolitan Building, 1915 Wells Fargo Rd, in Silver Reef, UT 84746.</p> <p>COVID, and its variants, have created unique challenges for companies that are scheduled to hold their shareholder meetings during the pandemic. LDWA is committed to creating a safe environment for all who attend this year's meeting. We recommend that every attendee wear a face mask throughout the meeting.</p> <p>WHAT TO EXPECT :: Shareholders who plan on attending the meeting are advised to arrive at the venue well in advance to allow sufficient time for registration processing.</p> <ul style="list-style-type: none"> A valid photo ID is required to gain admission - Attendance at the meeting is limited to shareholders in good standing, or their authorized named representative. Regardless of the number of shares held, a Shareholder shall have only one vote. The affirmative vote of the majority of the shareholders represented at the meeting shall be the act of all shareholders. The vote upon any business before a meeting shall be by ballot. No proxy voting shall be allowed. Agenda items include - the election of three directors for two-year terms; the presentation of the annual audit report and other reports.
	<div style="border: 1px solid black; padding: 5px;"> <p>Need to contact the LDWA, it's simple.</p> <p>Phone (435) 879-0278</p> <p>Please leave a message, your call will be returned promptly.</p> <ul style="list-style-type: none"> To report an EMERGENCY water leak or a loss of water PRESS 1 For a BILLING INQUIRY, PRESS 2 For a GENERAL INQUIRY, PRESS 3 <p>Your message is immediately routed, and a LDWA representative will be in contact.</p> <p>Email LDWAcorp@infowest.com</p> </div>	
<p>The same this notice was also posted on the Leeds USPS Corkboard for public notice. Also on the same day the notice was also posted on the LDWAcorp.org website.</p>		

DISCUSSION	USAGE ANALYSIS REPORTS
Year-end usage reports were generated and analysed against previous year data. This analysis also segregated usage by code (residential, commercial, institutional, industrial, etc.)	

VI. SPECIAL REPORT

DISCUSSION	Review of History RE DDW #3F138 LOAN FUNDING AND DISBURSEMENTS (Kurt Allen)
<p>Kirk offered history on work done back in 2010. While working for NEI the LDWA engaged with Kurt and NEI for the improvement project associated with the Loan. This was under the direction of the DDW. After engineering was completed, they entered a contract with Precision Pipeline out of Cedar City to review the entire system and add new meter, to be read with drive-by system (Itron). The work done also created a much-needed loop within the system to create redundancy. The DDW had an extensive funding project which took months to prepare and submit. Once all the plans & paperwork was submitted the work on the new well began. There were 4 check points for managing the funds in the project 1) inspection and oversight of contractor 2) Engineers would then review the invoices & checks 3) Salt Lake DDW would then review invoices w/ contractors 4) The LDWA would then review and approve funding and payment.</p> <p>Larry Bruley asked Kurt: Do you have any insight or info about the drill attempts at the site for the well? The casing was not completed all the way down because they were experiencing cave ins. If we had just gone further into the Navajo sandstone, it would have been better. The decision was made to move locations and not to put money into the one hole. The plug was pulled, and the project was abandoned by the then Board, against the recommendations of NEI, and the engineers. The well was then capped with a welded plate.</p> <p>Some discussion then occurred about the location of the two drill locations.</p>	

VII. SHAREHOLDERS COMMENTS

DISCUSSION	Ron Cundick Question re the old El Dorado Adobe pump
Larry when you took down the pump house were there any artifacts found that could be preserved for the history of the area? Larry responded no, the building was really in bad shape almost felt like an adobe grass hut, but there were no items worth saving.	

DISCUSSION	Ron Cundick Question re cost associated with the "S" curve project
The S curve project came in way under the estimated budget put in place for the project. The final expenses came in at \$7,799.45.	

DISCUSSION	Ron Cundick input on voting process for upcoming elections
Aaron & Don reviewed the process used in 2021, and what was in plan for the upcoming Annual Meeting.	

DISCUSSION	Darryl Lewis asked question about the data maintained by the LDWA regarding Shareholder water usage. Concern being that the info is being captured and tracked and used.
<p>The LDWA Shareholder account, meter & billing records system (RVS) captures usage data on shareholders meter readings & usage on a monthly basis. This information is used to generate the invoices each month and to supply information on system usage to DDW, DEQ and others as required. Utilities are governed under schedules to maintain records for transparency. The records that the LDWA maintains follow the General Records Retention Plans & Schedules outlined the Utah Division of Archives and Records. For example, a utility accounts payable and receivable records has a schedule and guidance (GRS-106), Meter records also have a schedule (GRS-1130), Meter records & locations (GRS-727). Currently the LDWA</p>	

maintains 3-4 years based on the info. This info is contained in the RVS computer software system and is only used to aggregate data for reports or in doing project like the recent Capacity Study we completed in 2021. This info is not public. If a shareholder contacts us with questions about their account or usage, it can be referenced to see trends or historic work order issues. Although it is not mandated, a LDWA policy on records retention might be something the Board could investigate drafting.

VII. ADJOURNMENT :: [07:48 PM Aaron Bateman]


Doris McNally, Vice President



LDWA ANNUAL SHAREHOLDER MEETING

The Leeds Domestic Water Users Association (LDWA) Annual Meeting will be on **Tuesday, February 1, 2022 at 7:00 PM.**

The meeting will be held at **The Cosmopolitan Building** - 1915 Wells Fargo Rd, in Silver Reef, UT 84746.

COVID, and its variants, have created unique challenges for companies that are scheduled to hold their shareholder meetings during the pandemic. LDWA is committed to creating a safe environment for all who attend this year's meeting. We recommend that every attendee wear a face mask throughout the meeting.

WHAT TO EXPECT :: Shareholders who plan on attending the meeting are advised to arrive at the venue well in advance to allow sufficient time for registration processing.

- A valid photo ID is required to gain admission - Attendance at the meeting is limited to shareholders in good standing, or their authorized named representative.
- Regardless of the number of shares held, a Shareholder shall have only one vote. The affirmative vote of the majority of the shareholders represented at the meeting shall be the act of all shareholders. The vote upon any business before a meeting shall be by ballot. No proxy voting shall be allowed.
- Agenda items include - the election of three directors for two-year terms; the presentation of the annual audit report and other reports.



Minutes

Date/Time/Location:	February 1, 2022 7:00PM The Cosmopolitan
Type of Meeting:	LDWA ANNUAL SHAREHOLDERS MEETING
Note Taker:	Layna Larsen
Attendees:	<p>Board Members: Aaron Bateman (P), Doris McNally (VP), Sharon Johnson (T), Don Fawson (Field Ops), Larry Bruley, (Field Ops)</p> <p>Staff: Mark Osmer (Field Mgr) Layna Larsen (Corp sec)</p> <p>Shareholders: Kurt Allen, Chad Anderson, Jerry Anderson, Phillip Ayers, Rex Ballou, Seth Banner, LoAnne Barnes, Clark Bassett, Ray Beal, Brandon Beesley, Kerry Bennion, Christopher Bevan, Taras Bilyj, Janae Blake, Royal Blake, Rbt Breskin, Larry Bruley, Alan Cohn, J Coleman, Patrick Collins, Brett Comas, Trudy Cox, Ron Cundick, Joseph Danis, Thomas Darton, DHP Investments, Lou Dilworth, Steve Dyroff, Craig Empey, Rochelle Gardner, Manuel Goy-Yu-Chin, Jack Gunn, Patricia Hadley, Dave Harbour, Christine Harvey, Dave Harvey, Rex Heaton, Judith Henck, Tina Henriksen, RM Holloway, Sydney Holt, Horse Canyon LLC, Jeffrey Horsley, T. Hoster, Shauna Iverson, Sharon Johnson, Mary Krueger, Ken & Layna Larsen, Natalie Law, Darryl Lewis, Edward, Lyman, Dorothy Mauk, Jim McKain, Robert McNally, John Parry, Phillip Peine, Eileen Penrose, Karen Peterson, Wesley Powell, Lee Primm, Vivian Reeve, Glenda Rehfeld, Karen Reposa, Ian Rex, Alan Roberts, Jetta Robinson, Angela Rohr, Roundy Mtn LLC, Susan Savage, Cathy Schmutz, Elliott Sheltman, Ronald Skkorupa, Don Stephens, M. Sterling, Bill Strong, Chris Studdert, Laurie Sullican, Zachery Sullican, Danny Swenson, Georgia Tanner, Michael Walters, Glen Zumwalt</p>


Agenda Topics

I. CALL TO ORDER

DISCUSSION	Meeting Call To Order	Aaron Batemen
Welcome everyone to LDWA'S 2022 Annual Shareholder's Meeting, it is 7:15 P.M.		
DISCUSSION	Roll Call	Aaron Batemen
Aaron Bateman (President), Doris McNally (Vice President), Larry Bruley (Field Operations), Sharon Johnson (Treasurer), Don Fawson (Field Operations), Layna Larsen (Corporate Secretary)		

DISCUSSION	Prayer	Don Fawson
DISCUSSION	Pledge of Allegiance	Larry Bruley
DISCUSSION	Proof of Meeting Notice	Doris McNally

On our December 2021 Invoices, produced and postmarked 01/04/2022, the following note was included on the back of the cards:

 <p>LDWA News Drips</p>	<p>LDWA ANNUAL SHAREHOLDER MEETING</p> <p>The Leeds Domestic Water Users Association (LDWA) Annual Meeting will be on Tuesday, February 1, 2022 at 7:00 PM.</p> <p>The meeting will be held at The Cosmopolitan Building, 1915 Wells Fargo Rd, in Silver Reef, UT 84746.</p> <p>COVID, and its variants, have created unique challenges for companies that are scheduled to hold their shareholder meetings during the pandemic. LDWA is committed to creating a safe environment for all who attend this year's meeting. We recommend that every attendee wear a face mask throughout the meeting.</p> <p>WHAT TO EXPECT :: Shareholders who plan on attending the meeting are advised to arrive at the venue well in advance to allow sufficient time for registration processing.</p> <ul style="list-style-type: none"> A valid photo ID is required to gain admission - Attendance at the meeting is limited to shareholders in good standing, or their authorized named representative. Regardless of the number of shares held, a Shareholder shall have only one vote. The affirmative vote of the majority of the shareholders represented at the meeting shall be the act of all shareholders. The vote upon any business before a meeting shall be by ballot. No proxy voting shall be allowed. Agenda items include - the election of three directors for two-year terms; the presentation of the annual audit report and other reports.
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Satisfying the LDWA ByLaws ARTICLE III, Section 3. Notice of Meetings requirements.

DISCUSSION	Thank You Volunteers for Helping	Don Fawson
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A special thanks to Ron Cundick, Susan Savage, Darryl Lewis, Sheryl Lee, Joe Danis, for helping with the sign in today. Layna Larsen for taking minutes. If there is anyone, I missed I sincerely apologize, we do appreciate all the support and we appreciate JW for helping with the Sound tonight and the Microphones.

II. APPROVAL OF MINUTES OF LAST ANNUAL MEETING

DISCUSSION	Call for Vote to Approve Last Annual Meeting Minutes	Aaron Batemen
Fellow board members, you should all have in front of you the prepared minutes from last year's Annual Shareholders meeting, that we have all seen. Can I get a motion to approve as drafted?		
VOTE	MOTION TO APPROVE FEB 2ND 2021 LDWA ANNUAL MEETING: Doris McNally SECOND: Sharon Johnson / MOTION APPROVED: Unanimously	

III. BOARD MEMBER REPORTS

DISCUSSION	President's Report	Aaron Batemen
<p>I am not one for long meetings so I will make this quick and short and easy for you all. This is your Company, and we appreciate the opportunity to be a part of it. Last year our shareholder meeting was a little interesting because we did not have a president at the time, so I acted as President at that point. There were things that have taken place we could not speak about last year and there is a lot we still cannot talk about because LDWA is still in litigation with our previous president. We have worked through several things this last year. One of the biggest things that we did as a board was make promises to you to be more transparent to you as a board. We feel we have done that. Larry Bruley joined the Board in March 2021. He previously held the position as Construction & Safety Officer for the LDWA, he filled the position held by Daryl Lewis.</p>		
DISCUSSION	Promises Kept	Aaron Batemen

To improve transparency, we committed to hold monthly meetings on a regular basis which we have done and invited you to come and attend with us. There is quite a legacy of LDWA and the history that is there. And it is a valuable resource that each of you have. It is our opportunity to make sure it stays in our control. We feel an important part of our responsibility as a board is to make sure that the water is safe, clean, and stays ours.

Starting out the year with basically a new board we tried to figure where do we move forward. We found one of the challenges was one person had had all the information. We have disseminated with each individual board member to figure how to progress and move forward as we have gone through these challenging times, implementing ideas. One of the big things we looked at was completing a capacity Study.

DISCUSSION	Capacity Study	Aaron Batemen
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We had Karl Rasmussen help us with a capacity study to let us know how much water was available, where we need to make improvements with our water system, and where we stand with the water we have, how much water is available, and what the future looks like for the LDWA with that water. As we move forward throughout the meeting, we will discuss several things from the capacity study such as the number of taps that we have, what available water we still have, our sources, our storage needs, and the different aspects that we need and where we need improvements to provide safe drinking water for all our shareholders, both now and in the future. We discovered several areas that we were doing very well in and some areas that we are still working to improve. One area that was noted was the need for another water source. We are working on budgetary numbers for finding a second source as back up.

DISCUSSION	Water Rights	Aaron Batemen
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One of the challenges this last year was learning a lot about water rights and any changes to any water rights. There were several change applications that came across this last year one of the things we looked at very dutifully was making sure each of those change orders were protested so we maintain our rights to fight anything we felt would be damaging to our water, whether it would take water from our wells or ground water, whatever the case may be. We felt it was important that we kept our ability to fight for our water. The Washington County Conservatory had several water rights they were changing up to Anderson Junction to put in an additional well there. We felt that may potentially impact our aquifers and impact the amount of water we pump. There are a lot of different things we look at and fought, some of those we are still waiting to hear what the outcomes are. Some of it takes time, but we want you to be aware we are fighting very hard to make sure our water does not leave our aquifers and go to other places.

DISCUSSION	Cross Connection & BackFlow	Aaron Batemen
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Another big thing that has come about this past year is the cross connection and backflow program that the state is starting to enforce. This is something that we as a board are working to implement with the least amount of discomfort to shareholders. Don & Larry will be talking more about the requirements from the state and what it means for all of us as a shareholder. This is a program that is state mandated, and we are required to abide by their regulations, so the water stays in our control. It is a program that affects each one of us, not necessarily for the better, but it is intended to keep our water safe.

DISCUSSION	Appreciation Statement as President	Aaron Batemen
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Those are some of the promises that we have gone through. I appreciate the current board and the amazing amount of work that we have accomplished in keeping our water safe and ours.

There is a constant battle for water, and we must remain vigilant in protecting what we have. Each member of the board has put in countless hours of service, and they should be commended for that.

I know there are a lot of questions about last year, I would be happy to speak with any of you individually or at the question-and-answer phase of the meeting at the end where we will be answering questions. Last year we were not able to speak to what was taking place at the time and there are some things that we will not be able to share currently, but we will be happy to be as open and transparent as possible.

So, with that I will turn the time over to Sharon for our Financial Report.

DISCUSSION	Treasurer Report & Appreciation Statement	Sharon Johnson
<p>First of all, I want to thank the board for all the dedication and the many hours they have worked over the last year. When I was appointed to the board last year, I didn't realize the time and dedication it took to serve on the LDWA. I have learned so much in the last year and have so much more to learn. I appreciate the patience the other board members have had trying to educate me.</p> <p>Washington County terminated our lease at the Rice Bank Building and required our removal before the end of the year 2020. The Washington County Commissioners were gracious enough to let the new board stay at the Rice Bank until new accommodation could be arranged. Our new office next to the post office is nearly the same price as what we were paying at the Rice Bank. Doris took 2 weeks off and almost single handedly moved the office. She moved all the equipment and set it up. The rest of us did some heavy lifting and stuff like that but thank you to Doris for getting us moved and taken care of, I really appreciate that.</p> <p>I also appreciate the transparency our board has done throughout the last year with the monthly meetings held for the shareholders. During the monthly meetings, I have delivered the up-to-date financial reports along with the monthly bank account figures. Tonight, we have available for the shareholders to review, the End of Year report for 2021. At this time, I'd like to go over a few key areas of the report. If you have any questions, the other members of the board and I will do the best we can to answer them.</p>		

DISCUSSION	Financial ReCap	Sharon Johnson
<p>In the first section of the report there is the Active taps, this line reflects the monthly payments of the active shareholders in the LDWA. The next line is the Standby Taps. This line shows the income of the shareholders that own property but have not yet received a meter or haven't started to build on their property. The last line in this section is the Infowest Cell Lease. This line shows the income received for allowing Infowest to put their antenna on the LDWA water tank.</p> <p>The next line I'd like to go over is the Account Transfer fees. In the last year, our area has seen an enormous growth. This has also affected the LDWA. Transfers of shares for homes sold or new homes built caused the actual income to be much higher than the projected income. You can also see the growth increase reflected in the Additional Pipeline and New Build Water connections categories. The total Ordinary Operating Income for 2021 is \$293,188.03.</p> <p>Moving on to the next section labeled Total Operating Expenses. This shows the "day to day" expenses of running the LDWA. I want to expand on the line that shows Rocky Mountain Power. As you will hear later from Don and Larry, we installed a new soft start pump at our well. This pump saves the LDWA significantly. I want to go through these figures to show what we saved since we installed the soft pump. The following is Rocky Mountain Power expenses for the well.</p>		

2016-----\$18,086.12	2017-----\$13,093.99
2018-----\$10,330.32	2019-----\$14,313.60
2020-----\$9,571.17	2021-----\$6,281.27 This is the year – we have 2 pumps

Next area I'd like to expand on to the shareholders is the Water Testing and Chlorination. The actual cost was quite a bit more than the projected cost. With the supply chain being disrupted the last 2 years, we wanted to make sure we had plenty of chlorination tablets on hand to treat the water. We ordered more so we could make sure we did not get caught without.

The next expense I'd like to talk about is the PayClix. With the software and monthly fee, our actual cost this year was \$594.40. In future years, the projected cost will be \$360.00 for this service. PayClix has been a great success. A huge thanks to Doris for getting this program implemented and she will expand on this later. As of now, almost 20% of the Shareholders are using this program.

Going down a couple of lines is the Office Rent. This year, we had to move to a new Office space. Through negotiations by Doris, we were able to obtain our new location close to the same as we were paying for the Rice Bank.

The total Ordinary Operating Expenses for 2021 were \$254,406.94. This leaves a Net Gain of \$38,781.09 for this year.

I just wanted to highlight on a few of these lines. I won't go over the entire report since you have a copy available for you to review.

DISCUSSION	Bank Balances	Sharon Johnson
CHECKING ACCOUNT:	\$17,676.11	
Emergency Reserve/Major Repairs:	\$308,670.28	
Loan DDW #3F138:	\$12,465.64	
Impact Fee Fund:	\$14,581.17	
DISCUSSION	DDW Loan #3F138 Update	Sharon Johnson
The last thing I'd like to report on is the pay down of our loan. You can review this in the End of Year report. An annual payment of \$42,868.00 with an additional \$50,000 towards Principle was paid this year towards the DDW #3F138 loan. At this rate, this loan is projected to be paid off in 3 years, in 2025. This concludes my report.		

DISCUSSION	Field Report	Larry Bruley & Don Fawson
We want to share Basic summary of what we did this year.		
DISCUSSION	SOFTSTART PUMP – Highland's Well	Larry Bruley
We installed a soft start on the Highlands Well Pump. This unit does exactly what it says. It allows the pump to ramp up to speed as opposed to hard starting which causes a tremendous draw of power. The expenses to run this pump without the soft start were the driving factors in the choice to purchase and install this unit. On top of a significant savings in power usage when the pump is being used an added benefit is that the pump longevity is increased by the same process of not hard starting. We came in under budget for this project.		
PERIOD: June 2021 BUDGET: \$8,400.00 ACTUAL EXPENSES: \$7,965.00		

DISCUSSION	SOUTH MAIN ST REPAIR & LOOP	Larry Bruley
<p>We installed a loop pipe on South Main Street for the purpose of redundant transmission. This allows us to better isolate sections of transmission lines on South Main as well as address an existing leak. The benefit is, if and when we have repairs to the transmission lines we are able to disrupt far fewer service locations. We were asked to bore under the road 3 times by UDOT before digging across. This went well considering the entire town seems to be made entirely of boulders. We made it across on our first try. We came in Significantly under budget on this.</p> <p>PERIOD: Aug 2021 BUDGET: \$16,825.00 ACTUAL EXPENSES: \$12,195.51</p>		
DISCUSSION	SOUTH MAIN AND CENTER STREET VAULT	Larry Bruley
<p>It was discovered that the vault at Main and Center was suffering catastrophic failure. Meaning the lid and upper portions of the vault were spalling and becoming very weak. It became a very real concern that should a large heavy vehicle pull across or park on it that it would collapse. The replacement vault had to be custom built and had a long lead time. When it was ready everything went very well. We had a great crane operator and Marks measurements for the new build were perfect. Unfortunately, weather moved in and made finishing that project quite interesting in the pouring rain. Ask Lorrie Hunsaker for pics if you want to know just how bad the weather got, she was there too. Thank you, Lorrie. The old vault was relocated to the tank property and scheduled for demo and haul off. More on this in a minute. Once again significantly under budget.</p> <p>PERIOD: Aug 2021 BUDGET: \$13,127.44 ACTUAL EXPENSES: \$10,132.94</p>		
DISCUSSION	WCWCD PIPE BLOWOUT	Larry Bruley
<p>The WCWCD, as many of you know, has a large transmission line that runs all the way through town Via Main Street. This pipe suffered a blowout on North Main Street. It took a while to determine whose infrastructure it was. This caused some minor problems to some of our infrastructure.</p>		
DISCUSSION	S-Curve Vault & PRV Relocation	Larry Bruley
<p>The PRV (pressure regulating valve) and Vault on the S-Curve were relocated to just South of the Cement Tank on Silver Reef Road. This project solved a few problems.</p> <ol style="list-style-type: none"> 1. The location of the vault and PRV were much less than optimal for a couple reasons. The vault was nearly touching the road. It was located in a commonly used staging area where vehicles were constantly driving over it and parking on it and many times leaving their vehicles all day while they were off roading or exploring. With a vehicle parked on it we would have no way to access the PRV should a need arise. 2. We had been having some trouble with some connections leading into and out of the vault. 3. This allowed us to eliminate an additional PRV that was located on the Cement Tank property. This PRV was serving exclusively the Bonanza Flats area. This PRV was in a horrible state of disrepair and had become unrepairable. It was being held together with chains and was a constant pain with leaks. 4. The structure that was housing the Bonanza Flats PRV was subterranean and constantly flooded making access very difficult at times. The structure was also in disrepair. By eliminating the PRV we were free then to completely remove the structure as well. The Bonanza Flats transmission line was then relocated to the new Vault location and reattached to the line heading out to Bonanza Flats. Once again, we had an awesome crane operator who was able to remove and replace these massive concrete vaults without damaging any pipes or valves. 5. After looking at the vault that was left on the tank property from the Center and Main, we surmised that although it was not sound enough to use as a vault it certainly was good enough to use as a pump house. So, we tore down the old El Dorado Adobe pump house which was in terrible disrepair and utilized the same crane time slot to relocate the old vault up to the El Dorado site and placed it 		

over the well pipe in place of the old structure. Altogether this project went very well and solved several issues while also being extremely cost effective. Half of what was budgeted.

PERIOD: Nov 2021 BUDGET: \$14,000 ACTUAL EXPENSES: \$ 7,799.45

DISCUSSION

Hydrant Inspection & Maintenance

Don Fawson

During the recent warmer weather, Mark was able to complete the flushing and servicing of the fire hydrants attached to our water system. This is necessary on an annual basis to assure hydrants are mechanically sound, properly lubricated, cleared of sand and stagnant water, and outlet caps are exercised to assure they are not seized and are easily removeable by the fire department. This process also allows us to identify and mitigate any weaknesses in our PRV structure. During this last flushing cycle, we discovered one defective hydrant that we are in the process of repairing along with numerous hydrant caps needing attention.

Mark and I will be numbering all the hydrants in our system to better track all service and repairs to each individual hydrant as well as maximum water flow rates. This will be coupled with GPS data and supplied to our Fire Department to better assist them in locating the best hydrant in case of emergency.

DISCUSSION

Cross Connections

Don Fawson

I believe we all appreciate the exceptional quality of water that LDWA is able to deliver and the independence of having our own locally operated potable water system. However, local control is limited by State Regulation and is sustainable only by compliance with those regulations. While the directives from the Dept of Environmental Quality (DEQ) and the Division of Drinking Water (DDW) are in place to assure the safety of the water being delivered to those served by the various potable drinking water suppliers in the State, these regulations keep evolving and are becoming more onerous. (Just FYI there are 163 privately owned Community Water Systems in the State of Utah.)

So, you are aware, The State has recently instituted a Cross Connection Control and Backflow Prevention Program. Actually, they expected us to be in compliance with this a year ago, but because of Covid it has been moved forward luckily. Based on what we understand, it appears the State is requiring LDWA to implement a very detailed survey of all cross-control and backflow prevention devices on each property served by LDWA, create a record keeping system to record such devices, including mitigation of noncompliant systems, annual professional certifications of devices, etc. The State is requiring that each Water Company have at least one Certified Cross Connection, Backflow Prevention Operator on Staff. Mark will be taking the week-long training class at the end of this month. Larry and I will sit in on the three-day information portion of this training.

Once we have more specific information relative to this program, we will be sending out updates and or call a special meeting to review its impact on each water user. It appears it will require shareholder and LDWA financial investment to reach compliance. Just know the LDWA Board is absolutely interested in keeping our water, reasonably priced, safe, consistently flowing and locally owned and operated. Our ability to do this will be contingent on our compliance to State Rules. There are going to be Frustrations from the board and Frustrations from shareholders. I ask one thing please take any frustrations you may have, out at the State Level. None of us signed up to be police officers. We are not sure of everything they are asking that is why we are taking this training. Obviously, it will improve the safety of our water system. The problem is how much effort it is going to take on an individual basis to do this. I know enough about it I am going to have to make some changes around my place.

DISCUSSION

Emergency Inventory

Don Fawson

Due to worldwide supply chain shortages Larry and I worked with Mark to assure that we keep the necessary spare pipe and fittings in our inventory to address any major break in our system structure instead of having to rely on a questionable inventory of our suppliers. We have faith in our suppliers, just not in the supply chain. For instance, there were three barrels and lids that need to be replaced around meters and our suppliers were out of them. The lids came from India, so it wasn't like they send them over, we were able to procure those and buy some extra and put them in our inventory for the future.

DISCUSSION	5 Year Projects	Don Fawson
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The Board has identified 5 major projects we feel need to be completed to increase our ability to continue to supply an uninterrupted supply of quality drinking water. We are currently in the process of gathering information and costs for these projects.

- Spring upgrades to allow better access, increase production and update compliance standards
- Backup Propane Generator for the well. (Since we only have one functioning well, if the power goes down then that source doesn't exist.)
- Backup Well Pump and Bowls
- Additional Well
- Upgrade the Waterline from the Spring to the existing 6" line at the Dugway on the Oak Grove Rd (Approximately 6 miles)

Whether we do all these things sooner or later, borrow money to do them, or use the money we have been using to pay off the existing loan early because it is cheap money remains to be seen. But we are trying to move forward.

DISCUSSION	Appreciation Statement as Board Member w/ Field Oversight	Don Fawson
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I want to make a statement of appreciation for the competency and dedication for each member of this board. I have served on many boards in our community over the last 50 years of living here in Leeds, including the Town Council, Aux Fire District Board, Previous LDWA Boards, and in all that time I have served with many dedicated and competent boards but never any better than the current LDWA Board. These are 4 of the most dedicated and Competent people you will find in their positions, and I hope you will keep this in mind as you make your nominations and cast your votes tonight. I just want to say, there is a learning curve. The compliance and knowledge base for all these positions has increased dramatically over the past few years. Give that consideration.

DISCUSSION	Administration Report	Doris McNally
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As Vice President aside from acting as understudy for the President in regard to his/her duties, the VP working with the board of directors plans, develops, and enforces policies and objectives for the organization to ensure it maintains its values and meets established goals for the shareholders.

DISCUSSION	Appreciation Statement as Vice President	Doris McNally
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As an executive at HP, and holding executive positions throughout my working career, I have worked with countless number of teams and boards. I've been on some Boards where some members barely show up, and when they show, they're not prepared. That has not been the case with this Board. I believe we have been a well-functioning team bringing different skill sets to the table with respect, trust and candor. It has been hard work too.

- From seeing Larry get into a wet suit and jump into the spring to clean vegetation out of the spring so the water travels more.
- To seeing Aaron down on Main St. at 11:30 PM at night after having a hard day at work dealing with the water conservatory leak that wasn't even ours. Actually, working with the irrigation company to identify where the problem was.

- To seeing Sharon who knew nothing when it came to water things. She has really rolled up her sleeves and learned a lot about what it takes financially to run a rural water organization non-profit in Utah.
- And of course, Don, he is invaluable. The amount of historic knowledge he has and the connections that he has.

I think that one of the things that is so powerful about this team is the diversification and the way that we have worked together in a cohesive, appreciative, respective way. If any of you have gone to past board meetings, you might have seen one board member being the sole voice of the association. In this case everyone is pulling their own weight. It is one of the blessings of living in Leeds at this time.

DISCUSSION	Procedures & Policies	Doris McNally
<p><u>PROJECT PROPOSAL POLICY</u> :: We have a policy that all projects are submitted to the board – they Outline projects purpose, goals & assumptions but also reflects cost projections & info on competitive bids. Then the board votes on them.</p>		
<p><u>WEBSITE UPDATING POLICY</u> :: As people become more reliant on obtaining current information from organizations via websites, the LDWA has been placing a lot more content on our LDWA.org site. The site offers shareholders the ability to review our policies on all things water. It has Information on conserving water, Information about Backflow, Information about hardwater because there are differences between a conditioner unit and salt water. But in offering this info it is important that the Board reviews and approved all content posted on the site. A website Updating Policy has been implemented to insure alignment will all Board Members.</p>		
<p><u>BILLING POLICIES & WATER CONNECTION FEE UPDATE</u> :: Water Connection Fee – Raw material costs for items used in performing a connection have gone up dramatically. In the most recent 2021 Capacity Study, done by Pro-Value, they recommended we revise our pricing to reflect current cost of material. The LDWA reviewed the items required and obtained current pricing, and in accordance with Utah Code the LDWA is recommending we amend our pricing schedule to reflect these increases in cost.</p>		
<p><u>DOCUMENTATION OF IT INFRASTRUCTURE & ACCESS DATA</u> :: Prior to last year there was little to no IT documentation on everything. Every single week we run approximately 15 programs. We now have manuals on how to use them. All this info and the programs usernames and passwords are secured and shared with our legal firm SMITH HARTVIGSEN.</p>		
<p><u>FIRE HYDRANT INSPECTION & MAINTENANCE MANUAL</u> :: Working with field the manual logs, Hydrant #, Maintenance records, physical location by streets & GPS coordinates with photos.</p>		
DISCUSSION	Website Content & Newsletters	Doris McNally
<p>New Content was created, approved by the board, and posted on our website:</p> <ul style="list-style-type: none"> • New Content on Conservation of Water • New Content on Backflows & Cross Connection • New Content of Hard water • News Drips Articles [12 Articles] 		
DISCUSSION	PayClix®	Doris McNally

In 2020 I started noticing an increase trend in late payments from our shareholders. In talking with many of the shareholders it became evident that we needed to investigate additional payment method options that could serve our shareholders and the LDWA as well.

Our intake of payments at that time were 52% Personal Checks, 44% Bank Bill Pay Checks, 4% Money Orders. On a monthly basis we had approximately 12-14% of our invoices past due, which then causes us to implement late fees, and even in some cases shut-off notices. To put a number to this trend Approximately \$7,800 were paid by shareholders for 2020 in late fees.

We started investigating the potential of adding a credit card payment option. 7 services were investigated only 2 offered the options and flexibility we believe LDWA shareholders, and our organization would benefit from. PayClix® & NexBillPay®. The big difference between these two companies is in the business model pricing & process they employ.

After reviewing the detailed comparisons between these two services, and their costs, the then Board unanimously voted to implement PayClix's service starting 2021.

In January 2021 the LDWA introduced PayClix's. PayClix is a secure, online payment portal where you can use your computer, smartphone, or tablet to pay your bill on-the-go and make payments anytime, anywhere. For both online and mobile payments, you can pay via automated transfer from your credit card, debit card, or an E-Check. For those who are not comfortable with online solutions, there is a toll-free pay by phone option. So, you can talk to a Live Representative who will assist you. (Monday through Friday from 7:00AM – 3:00PM MT)

In 2021 we had 285 payments submitted by 70 shareholders. 193 card payments, where Visa charges represented 93% of usage. We had 92 electronic checks. E-Checks represented 69% of the total dollar amount processed through PayClix's.

Payments received through this service now represent 15% of all Active account payments. Late fees have dropped to \$3,275.88.

We saw a 42% decrease in late fees charged to our shareholders, saving them money.

	Credit Cards		Electronic Checks		PayClix®	
	Count	Credit Cards	Count	eCHECK	Count	TOTAL
JAN	0	\$0.00	1	\$642.71	1	\$642.71
FEB	1	\$45.00	3	\$1,150.35	4	\$1,195.35
MAR	12	\$660.87	4	\$529.50	16	\$1,190.37
APR	12	\$611.77	8	\$8,915.06	20	\$9,526.83
MAY	18	\$1,077.03	6	\$423.69	24	\$1,500.72
JUN	23	\$1,681.15	5	\$180.37	28	\$1,861.52
JUL	22	\$1,398.54	12	\$5,805.57	34	\$7,204.11
AUG	22	\$1,103.92	9	\$1,983.98	31	\$3,087.90
SEPT	22	\$1,614.64	13	\$4,202.25	35	\$5,816.89
OCT	14	\$913.14	6	\$408.67	20	\$1,321.81
NOV	23	\$1,758.82	8	\$1,008.31	31	\$2,767.13
DEC	24	\$1,171.40	17	\$1,183.12	41	\$2,354.52
	193	\$12,036.28	92	\$26,433.58	285	\$38,469.86

*as of 12/31/2021

of PayClix Users (YTD): 70

Credit Card Usage: 93% Visa

Total \$ Usage: 69% Echeck

The cost of implementing this system is modest.

- One time Software Fee: \$125.00
- Monthly Administration: \$ 29.95/month (\$360/year)

Transaction Fees:

- Standard Credit Card Transactions: Percent Rate of 3.00% of the transaction plus flat fee of \$0.30 Paid in full by Customer.
- Electronic Check (eCheck) Transactions: \$0.99

Comparison: Envelope, Check & Stamp cost approx.. = \$0.80

USPS Money Order for a \$40 check = \$1.45

DISCUSSION	Conclusion	Aaron Batemen
<p>I hope that all of you recognize the changes that have taken place over the last year with the board. The challenges we faced in growing and learning from each other and doing all that has been done to provide safe quality drinking water.</p> <p>There is a significant time investment on working on the board and all of these up here have spent a lot of time making sure we have safe drinking water. It is a huge investment of time that we are grateful to be able to put in on your behalf. We are here to serve you. This is your company, and we recognize that and continue to make our decisions based on not an individual shareholder but as a company of shareholders. Trying to make decisions that are best for everyone in the town of Leeds not just a single individual person.</p> <p>That concludes information we have for this year. Now we will proceed to the main purpose of this Annual meeting which is to elect Board Members.</p>		

IV. ELECTIONS

DISCUSSION	Election Overview	Aaron Batemen
<p>ARTICLE IV, SECTION 2 STATES THE FOLLOWING “At each annual meeting, the shareholders shall elect Directors for terms of two (2) years, with an odd number on even numbered years and an even number on odd numbered years.”</p> <p>In the year 2022, an even year, we are electing three board members to serve for the next two years. The three are – Myself, Doris McNally, Larry Bruley. Larry has only been with us since March. He replaced Darryl Lewis who left right after the annual board meeting last year. That is where Larry comes in otherwise if Darryl was still here, he would be up for re-election as well. Those are the Board members whos term is up, Sharon and Don are up for re-election next year.</p>		
DISCUSSION	Nominee Qualification	Aaron Batemen
<p>ARTICLE IV, SECTION 2 STATES THE FOLLOWING The only qualification for nomination to the Board is “All nominees shall be members in good standing with the Association.” (ARTICLE IV, SECTION 2)</p>		
DISCUSSION	Nominee Expectations	Aaron Batemen
<p>It is the hope of the board that all nominees will seek this position for the purpose of serving the Association at large, protecting the rights of each individual shareholder and the ability of LDWA to continue delivering the highest quality water in Southern Utah. If a nominee has any other desire than these, our hope is that you will withdraw your name from consideration.</p>		
DISCUSSION	Nominee Considerations	Aaron Batemen
<p>Some of the things the board ask’s that you consider in your commitment to the LDWA are first and foremost your family responsibilities, your career (do you need to travel a lot), are you willing to get your hands dirty, are you willing to take care of emergencies at any hour of the day or night. Are you willing to work as a member of a Team, etc.</p>		

DISCUSSION	Estimation of Time Given in a Month	Aaron Batemen
<p>There are many things that need to be done in a normal daily operation of providing you, our shareholders, with quality water. This can range for picking up the mail each day, sorting it and getting it distributed, to going to a Shareholders home to check on a water leak or issue, to newsletters, deciding legal issues and on and on it goes.</p> <p>On average the Board feels that a nominee should be prepared to give at least 8 hours of effort a month. Sometimes more and sometimes less.</p>		
DISCUSSION	Procedure for Vote	Aaron Batemen
<ul style="list-style-type: none"> • Nominations will be taken from the floor. • Names of all eligible nominee's will be written on a board for all to see. • All nominee's will be given an opportunity to address the shareholders. • All nominee's will be assigned a number next to their name • We ask that you vote by the number rather than by name. • (You need to be here to vote & using numbers helps to verify you are) • Please do not disturb the counting in progress. • The counters will deliver the vote tally to the Board. • The board will announce the vote to the shareholders. 		
DISCUSSION	Nominations from the Floor on Chalkboard	Larry Bruley
<ul style="list-style-type: none"> • Aaron Bateman / Nominated by Patrick Collins 2nd Phillip Ayers • Doris McNally / Nominated by Patrick Collins 2nd Layna Larsen • Larry Bruley / Nominated by Patrick 2nd Brandon Beesley • Syd Holt / Nominated by LuAnn Barnes 2nd • Philip Peine Nominated by Danny Swenson 2nd • Kurt Allen Nominated by Syd Holt 2nd John 		
DISCUSSION	Call to Close Nominations	Aaron Batemen
<ul style="list-style-type: none"> • Aaron Bateman / Nominated by Patrick Collins 2nd Phillip Ayers • Doris McNally / Nominated by Patrick Collins 2nd Layna Larsen • Larry Bruley / Nominated by Patrick 2nd Brandon Beesley • Syd Holt / Nominated by LuAnn Barnes 2nd • Philip Peine Nominated by Danny Swenson 2nd • Kurt Allen Nominated by Syd Holt 2nd John 		
DISCUSSION	Call to Close Nominations	Aaron Batemen
VOTE	MOTION TO CLOSE NOMINATIONS: Don Fawson SECOND: Doris McNally MOTION APPROVED: Unanimously	
DISCUSSION	Assignment of Alphanumeric to Nominee's	Aaron Batemen
#1 – Aaron Bateman #2 – Doris McNally #3 – Larry Bruley #4 – Sydney Holt #5 – Philip Peine #6 – Kurt Allen		

DISCUSSION	NOMINEE – Syd Holt	Syd Holt
<p>I moved here in 2003. I was active on the planning commission, I then joined the fire department and that took up a lot of my time, I am slowing down a little bit and I still want to serve the community and I think helping to protect our water is one of the best things I could do. Syd was the head EMT here for the fire department for a number of years, she was awesome.</p>		

DISCUSSION	NOMINEE – Phillip Peine	Phillip Peine
<p>I am Phillip Piene, I have been in Leeds since I was 4 about 1974. I appreciate this town, I appreciate water, I understand the importance of it. I have a pretty fundamental understanding of our water system and how it works and what makes it good. I want to first express my appreciation for these people for giving of their time and their efforts to protect this resource. The emotions that surround the water from various aspects, I know that it is important. I was asked if I would be willing to do this if needed and I would be willing to do so. I share Aarons comments that I simply want this done right, to protect our water. I don't necessarily need to be the guy, but I am willing to if needed. Thank You</p>		

DISCUSSION	NOMINEE – Kurt Allen	Kurt Allen
<p>Hello everyone. My name is Kurt Allen. I have been here in Leeds since 2007. I have enjoyed every minute of it and getting to know you as my neighbors. I know many of you in here. And it has been a pleasure to work with you. I have grown up and lived in a small community with a private water system my entire life. Northern Utah the first 45 years, and down here since that time. I can appreciate what it takes to protect your water. To protect our water. Don says there are a 163 private water companies in the state, really that is not very many. They are diminishing. The state is taking the private water companies over. There are water rights we need to protect, our aquifer that we need to protect. We have the right to keep this private water company and keep this wonderful water supply we draw from. This is our water. The underground water that we draw from is our right to draw from it. The spring water that comes into the system is our water we own that, you, I, and we need to protect that water source as diligently as we can. I realize that it is going to take a lot of time and effort to work on the LDWA board. I am willing to do that. I am willing to put the time and effort in to do that. I have been a contractor, an engineer my entire life and I understand water, I understand the physical info structure that it takes to deliver water. This Cross Connection issue that we are facing is real and I understand that issue and I believe I can work with the board to make sure the frustration level stays as low as possible. I appreciate the opportunity; I have a lot of respect for this existing board. They have done a wonderful job and I want to thank them for all their efforts and thank you for this opportunity.</p>		

DISCUSSION	NOMINEE – Doris McNally	Doris McNally
<p>In 2017 my neighbors started contacting me about water problems. What had happened is the pump on the Highlands tank had gone down and I started to work with the LDWA then. I first initially came in and asked what can we do about getting emergency alerts out there, and tried to offer my abilities as best as possible to do that. Over the years I have gained more and more knowledge, and with the changes in the organization the fact that we had to redo all of our computer systems, we had to move, those are the types of things that take a lot of time. It is so nice to see so many people in this room. I would love to see this many people on a monthly</p>		

basis at our meetings. This is very important. My husband and I talk about this all the time, we wonder if water is more important than your home? And to a certain extent water is more valuable in these days. And in saying that, I want to do a shout out to my husband. Anyone who has worked in a volunteer position before knows that their spouse, the other person in their life, really does a lot of things to support their spouse. It can be said that volunteerism is a family affair. My husband for the last 4 years has been doing the water treatments, every single day, even during sickness, for the LDWA. It is a thankless activity but extremely important to the quality of our water system. So, I want to personally and publicly thank my husband for that it is an important thing that needs to be done, so thank you....

DISCUSSION	NOMINEE – Larry Bruley	Larry Bruley
<p>If I was to say something about field operations; it is pretty much common sense. It requires a lot of communication with Mark, organizing projects, and keeping up on what’s going on, as well as monitoring the emergency calls when they come in making sure people are getting called back and checking with Mark, making sure something is being done about it. Putting together projects, understanding the system, it takes time. Fortunately for me, I like tractors and dirt and pipes, so it has worked out good for me. Huge learning curve as with anything. There is just a lot to know. Every system is different. Fortunately, we have a fairly good relationship with Karl Rasmussen and he has done a fairly good job of monitoring and mapping our system. It changes every once in a while, we find something that is not there, not on the map. It requires a lot of time and constant communication. Thank you</p>		

DISCUSSION	NOMINEE – Aaron Bateman	Aaron Bateman
<p>This board all three of us up here would accept the nomination, absolutely. We are grateful to be serving you. It is a time constraint. Is there a lot of other things I would much rather do? Absolutely. There are times I have missed my son’s basketball games. He is a senior this year playing on the Desert Hills Basketball Varsity Team. I need to be to those games. I will never regret being at that game and not being at a water meeting. With that being said, we have the ability to make those meetings happen when we are not tied to everything at that point. There is a lot to be learned. There is a lot of learning that I have had, there is a lot of growth that I have experienced over the last year. I am not going to get up here and tell you I will not continue without the rest of the board up here. These individuals have made it possible for me to be able to serve as the president. To be able to serve with LDWA. My time is very limited. Rarely do I get to see my family at night. That is part of my own personal challenges that I face. But I have a family that supports me and without the support of the board members that I have I could not do what I do. I do accept the nomination, and I am willing and able to serve yes. Thank You</p>		

DISCUSSION	REQUEST FOR 3 VOTE COUNTERS	Aaron Bateman
<p>ARTICLE IV, SECTION 2 STATES THE FOLLOWING “The President shall appoint three (3) judges from those present to rule on qualification of members, disputes, and to canvas the votes. The results of the voting will be announced immediately after tallying is completed, in the meeting.” “Voting shall be by secret ballot.”</p>		

DISCUSSION	COLLECTION & TABULATION OF RESULTS	Aaron Bateman
<p>The three (3) judges will collect the ballots from the room. They will tabulate the votes, align on the count, and report the results to me. I will then share results with my fellow board members and announce the results. The newly elected board members will be given their oath of office</p>		


upon meeting adjournment.

Voted in for Board Members & Votes Tallied

Aaron Bateman – 66, Phillip Peine – 56, Kurt Allen – 50, Larry Bruley – 30, Doris McNally – 25, Sydney Holt - 24

V. ADJOURNMENT

DISCUSSION	Meeting Adjourned	Aaron Batemen
09:52PM		
DISCUSSION	Administration of Oath of Office to the New Board Members	Layna Larsen
Aaron Bateman, Phillip Peine, Kurt Allen		



Layna Larsen, Corporate Secretary



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors
Wednesday, **February 16, 2022** at 7:00pm at Leeds Town Hall,
located at 218 N. Main Street, Leeds, UT 84746.

1) Call to Order

- a) Roll Call
- b) Prayer
- c) Pledge of Allegiance

2) Announcements

- a) Consent Agenda
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports

- a) President's Report
- b) Operations (Field) Report
- c) Finance Report
- d) Administration Report
- e) Shareholders Comments:
No action may be taken on a matter raised under this agenda item.
Shareholder must step to podium to make comments.
(Three minutes per person).

4) Roll Call Vote to close meeting



Leeds Domestic Water Users Association (LDWA)
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LDWA Board Meeting -

February 16, 2022

7:00 PM Town Hall

Aaron Conducting

Introduce board members

Phillip and Don on Zoom

Board attending Aaron, Kurt, Sharon

No activity since elected and haven't done much, I'm not in the field but those things are being taken care of by Don and Kurt.

Last meeting minutes - Kurt made motion to accept, Sharon 2nd

Financial update - by Sharon Johnson - No comments

Field Reports: Don on Zoom and Mark attended

Mark: Passed BAC T test this month

- Leak on Main Street has been repaired
- Leak near Alan House, service line leaking and replaced it
- Center Street - Service line replaced
- Sullivan Leak repaired

Aaron, Cross Connection requirement overview - Tested Annually - The board will follow all regulations. Don, Mark, and Larry are all certified

Kurt - Comment to thank Don, Mark, and Larry for all their hard work.

Aaron, In review with Marks comment, BAC T test approval, important to keep all the records to prove the quality of the water. Make sure it stays safe. Susan asked how often it is checked. Aaron answered: Once per month.

Aaron, I'm not one for long meetings but we will open it up to public comments now.

Elliot Sheltman: in 2019 we transferred rights 7.8 second feet to the spring, in 2020 we tried running the Edorado well. It did real good! In 2021 we replaced a motor on the well. The well was 20% of the production, we need more not less. Why was it taken out?

Location of the office: we voted to go to the tank, Aaron questioned him and Elliot said he would send emails. Spent a lot of money on remodeling and that location would be free. We can legally use that tank. Aaron said that wasn't an option at all.

Don and Phillip said they can't hear a thing!

Angela Roar came in the door and complained they can't hear anything; Aaron took her email and sent a new request.

Elliot believes the Tank is legal use. Elliot made the offer to pursue the permit to use the tank.

The pink tank needs work still, about 75K to do this and planned to do the work in off-season

The highlands tank modification 130K for more storage (raise up the top)

Storage and production are the two main things we need, why aren't these things being done?

The chlorinator system should be about \$3000.00, and the state won't allow our current system. This needs to become a priority.

Water transfer 2021 special service district water from Pintura (24 acft. But went down to 9 acft.) We were hoping to get that back up.

Aaron, I remembered the sandy wash water came through, but not this water.

Don, Interrupted and said; "if this has anything to do with litigation it's not allowed." Aaron, responded that it does not.

Elliot: GIS program being used? Also, the WCWCD letter to not promise water is a serious issue.

Aaron, Mayor Hostner, Ron Cundick and I went to visit WCWCD. Zak Renstrum said they don't want to take over our system. They can't even talk to us since we are private and he has to deal with the town of Leeds.

Lee, I have been promised "Will Serve Letter" from WCWCD

Aaron, Town and LDWA has to put some action in place before that can happen.

Elliot: the conservancy has control over this and can come in and take us over. We are the only piece of the puzzle left.

Alan Roberts: I think it's inappropriate to place fear in peoples mind over water. The WCWCD has NEVER gone after LDWA Water. If LDWA loses it's water it's because of the shareholders of this company. It's an injustice to put fear out their Elliot!

Elliot: I'm not putting fear out there, I'm just saying we need to stay on top of it!

Aaron: So are you saying Elliot that we aren't staying on top of it?

Elliot: No...began back tracking, then changed the subject...

Elliot: Silver Eagle Estates, what's going on there?

Aaron: Devin is actually in attendance here tonight

Unknown: Will the WCWCD give "will serve letters"

Devin: When we got our Will Serve it doesn't mean you have to hook up them. You have to go to the council to get water.

Mayor Hostner: Our Discussions with WCWCD is that they have stopped issuing will serve letters and these letters have no teeth. The cities themselves are issuing these. Our contract with the city is a contingency agreement. Weve have also had discussion with them about; are they are willing to re-look at the charges to see if its accurate and fair. These are all things we discussed with Zak at WCWCD

Unknown: so WCWCD is not interested in taking us over?

Mayor: The WCWCD had to take over Homespun and dump a lot of money in it. Angel Springs is another problem. We are a proper running company and the Boogie man is not coming after us. If we are taken over, it is because of the Shareholders, like Alan Roberts said.

Unknown: Everyone that has transferred to WCWCD their billing has increased!

Mayor: we have an awesome system and have amazing volunteers that are willing to keep it up and make it run well.

Kevin Lee: I know Ron Thompson wanted to take it over

Aaron: Yes, we all know that was the case, but Zak Renstrum does not.

Ex Mayor Peterson: There was a special permit available for the tank for storage only. There was not a permit for human occupancy.

Kevin Lee: is there anyway to over come that?

Aaron: Outlined the challenges we were facing, and the city basically told us NO!! It's a non-conforming zone.

Elliot: I'm still willing to push this through if you are willing

Aaron: Anything we can do to save money is a good thing, but we are currently paying about the same as the Rise Bank property.

Elliot: Interrupted and reviewed his plan again!

Larry: What about a septic tank? The health department won't approve that.

Kevin Lee: Any pre-existing parcel can have septic

Alan: This was a bad Idea from the beginning!!

Kurt: this isn't appropriate!

Alan: This is my final word. How come it takes over a year Elliot, to sit down with the board to make this transition smoother?

Kevin Lee: I'm new to this, but I would rather own a place than to rent a place.

Alan: it's not a legal structure!

Kevin Lee: is there a list of items to do?

Aaron: Yes, we have sat down the city and it isn't viable.

Ron Cundick: I would ask the board to not put in anymore money into the tank until it is approved by the town. The second item is: the converted water 7.8 second feet, I would reiterate that the reason the rules are set the way they are is that it would give residence of this town the priority. The developers deed water to LDWA with a warranty deed. The other requirement is that we don't just give somebody credit or promises. They have to bring water to LDWA, it has always been the key. There has been several hundred acft. Of water come in and had to be turned away.

Aaron: ATTEMPTED TO CLOSE THE MEETING...Darrell spoke up, stood up, and went to the microphone.

Darrell: It has come to my attention to address this sensitive issue. Board considering bringing Doris back onto the board.

Aaron; she is not on the board but has been a huge asset to the board and if it becomes an option I would not be opposed to bringing her back on.

Darrell: continued on by reviewing the vote count from the shareholder meeting, and it is clear that the shareholders are clear that they wanted to remove Doris from the board and I think the current board has that duty, and should resign if they think any different. If the board chooses to bring Ms. McNalley back I remind them of article 3 section 2 of bylaws.

Aaron: This meeting is adjourned - Meeting Closed



LDWA

Leeds Domestic Water Users Association



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors
Wednesday, **March 16, 2022** at 7:00pm at Leeds Town Hall,
located at 218 N. Main Street, Leeds, UT 84746.

1) Call to Order

- a) Roll Call
- b) Prayer
- c) Pledge of Allegiance

2) Announcements

- a) Consent Agenda
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports

- a) President's Report
- b) Operations (Field) Report
- c) Finance Report
- d) Administration Report
- e) Shareholders Comments:
No action may be taken on a matter raised under this agenda item.
Shareholder must step to podium to make comments.
(Three minutes per person).

4) Roll Call Vote to close meeting



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Minutes

Date/Time/Location:	March 16, 2022 07:00PM Hybrid Meeting: Leeds Town Hall
Type of Meeting:	Meeting of the Board of Directors
Note Taker:	Recorder / Sharon Johnson & Layna Larsen
Attendees:	<p>Members/Staff: Aaron Bateman (P), Phillip Piene (VP) On Zoom, Sharon Johnson (Treasurer), Don Fawson (Field Ops), Kurt Allen, (Field Ops), Mark Osmer (Field Mgr)</p> <p>Shareholders: Ron Cundick, Daryl Lewis, Michelle Peot, Anita Deblinger, Pat and Judy Henck, Ralph Rohr, Larry & Jullie Bruley, Robert & Doris McNally, Ken and Layna Larsen, Alan and Susan Roberts, Cody and Sara Johnson, Elliott Sheltman, Teri Allen, Royal and Billie Blake, Mayor Peterson, Alan Cohn, Susan Savage, Janae Blake, Erionda Bateman, Cindy Neubauer</p> <p>Attendees: Sheryl & Kevin Lee</p>

Agenda Topics

I. CALL TO ORDER [Aaron Bateman]

CALL TO ORDER	Aaron Bateman @ 7:10PM
ROLL CALL	Present: Aaron Bateman, Phillip Peine, Don Fawson, Sharon Johnson, Kurt Allen

II. PRAYER [Sharon Johnson]

III. PLEDGE [Don Fawson]

IV. AGENDA CONSENT & PRIOR MEETING'S MINUTES APPROVAL [Aaron Bateman]

VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Don Fawson SECOND: Kurt Allen MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE TONIGHT'S AGENDA: Don Fawson SECOND: Kurt Allen MOTION APPROVED: Unanimously

V. ADMINISTRATIVE UPDATE

DISCUSSION	Office Staffing
We are beginning the process of interviewing for a Office Manager Position	

VI. OFFICERS REPORTS [All Board Members]

TREASURER'S REPORT [Sharon Johnson]

DISCUSSION	Shareholder Account Overview & Top Level Financial Recap (Jan 1-Feb 28th 2022)
TOTAL ORDINARY OPERATING INCOME IS:	\$49,711.96
TOTAL ORDINARY OPERATING EXPENSES ARE:	\$29,478.10
LDWA'S NET GAIN THUS FAR IS:	\$20,233.86
The LDWA's Banking Accounts Stand at: (03/16/2022)	
CHECKING ACCOUNT:	\$13,267.84
EMERGENCY REPAIR & MAJOR PROJECT RESERVE	\$305,387.78
DDW LOAN #3F138 FUND	\$20,466.53
IMPACT FEE ACCT	\$14,581.73
SAVINGS ACCOUNT:	\$340,436.04
<p>Sharon Johnson - The DDW Loan #3F138 Fund currently has a balance of \$20,466.53 and the budget reflects the account will have an additional \$40,000.00 by the end of 2021. The annual Loan payment is estimated to be about \$48,000.00.</p> <p>The budgeted income for this account reflects that by Dec 31, 2021, LDWA will have \$102,000 in this account for the annual payment with at least \$50,000.00 additional savings to pay down the loan principal.</p>	

PRESIDENT'S REPORT [Aaron Bateman]

DISCUSSION	Consumer Confidence Report
Division of Drinking water report and completing our CCR report to the Division of Drinking Water. It has been completed and is ready for the board review before the end of the month. It will be completed and turned in by the end of the month. CCR means the Consumer Confident Report in our water. The Division of Drinking Water requires us to report on the use and what our standards are for that water.	

FIELD OPERATION'S REPORT [Don Fawson, Kurt Allen, Mark Osmer]

DISCUSSION	Field Work done this Month [Mark Osmer]
Don asked Mark to tell us where we are at with the Spring, etc. We are just using Spring water at the moment; we are not using the well. We are not using an excessive amount of water, so we are doing well on that. We passed our BacT test (Bacterial Test) this month. We had a few service line repairs that we fixed, and got rid of the leaks and just regular maintenance of the system. That's about it for this month.	
DISCUSSION	Rural Water Conference (RWC) [Don Fawson]
Mark, Larry and I were involved in the RWC held down at the Dixie Conference Center. It was very interesting because I have never seen the parking lots as full as they were, people were parking down the block and wherever. Mark was involved in continued education. He has Certifications that we need for the water company, and he needs refresher classes to keep them up. Larry and I spent a week in classes that were pretty intense on the cross-connection program that the state and Feds are requiring. It is going to require us to have sharholder's assistance because some of the items that they are requiring are	

things that are going to be on shareholder's personal property, that you are going to have to installed at their personal expense. But they are designed to help keep the water safe. I think everyone that is here tonight is here because they value this system and this water. This is an opportunity for all of us to step up and be party to that. I have things I have to do at my house, I am not excited about it, but I am glad to do it to keep the drinking water safe.

Ralph Rohr – How do I know if I have things that need to be done?

Don Fawson – What's going to happen is that part of our responsibility, Larry and I as program administrators, is to educate our people. We will be sending out things, some will be on the back of the bills each month, and some get together to inform you. You are not expected to know anything unless we share it with you.

Allan Cohn – Is something that is more likely to be present on newer homes or are we pretty confident it is nowhere in town?

Don Fawson - It is going to vary. Some of you who's homes were built with current plumbing codes may see that. Part of it has to do with cross connections. It is absolutely illegal to have a cross connected irrigation and culinary system at your home. There is something that is called a swing valve. Which means if you run out of irrigation you can connect your culinary with a swing valve placed just before your irrigation system. You will have a rubber hose connection that will connect and take water from your culinary and put it into your system. You cannot have both culinary and irrigation physically connected at the same time.

Allan Cohn - I have two separate feeds. One for the house and one for the irrigation.

Don Fawson - That is fine. That is actually the best way to do it. In addition to that there is something called an RP that needs to be installed in the culinary system before the connection and in addition to the swing valve. We will get into it more later, so we don't get you confused.

Kevin Lee – Do you have a rough idea of the cost. Are we talking a couple hundred or a couple thousand?

Don Fawson - No, an RP which is the most expensive valve is a couple hundred dollars, plus the cost of installation. It will depend on what plumbing you have to do and if you can do it yourself or hire it out, that kind of thing. Mine will be about \$300. We don't want to be policeman, but we will be letting you know what has to be done, and why it has to be done so it makes sense, and you can cooperate with the state laws.

DISCUSSION

MEETING WITH STATE [Kurt Allen]

We mentioned we had our water use report with the State, Brandi Smith who is with Utah division of drinking water, environmental scientist enforcement department. I need to compliment you folks and the previous boards for doing such a great job and especially Mark for his expertise and certifications. Brandi spent about ½ hour to 45 minutes asking questions and drilling us and the report came back as an A+ for this water company. As you know I am new to this position and I want to compliment everybody for their hard work, the past board members for everything that everybody has done. This Water Company is something to be proud of. Our Nitrates, Lead, Copper, all those are below minimum a long way. We have a good water system and I wanted to let you know that report really went well.

Don Fawson – I am impressed with the quality of people we have at the state and their willingness to work with people and bring them along. They are there to improve our water system not to beat us up. I felt that at the water conference too. I feel we are in good hands with the State people.

Ralph Rohr – Does Brandi have a last name?

Don Fawson - Yes, Smith.

Ralph Rohr - And she is the official with the State?

Don Fawson -Yes

Ralph Rohr - What report were we reporting to her?

Kurt Allen - We report annually to the State about our testing results.

Ralph Rohr - Does the State do the testing?

Kurt Allen - We do the testing, then they review our results for the past year and compile a report and email it to us, then the board reviews it, signs it, and sends it back to her and it becomes an official document at the State level.

Ralph Rohr - Will we be able to see that report?

Aaron Bateman - Yes, once it is filed with the State. It is not anything secret.

Ralph Rohr - Where do we test the water? Where are the specimens taken from?

Mark Osmer - All over town, in different areas, out of meters or a house, all over town so I can get a check on the whole system. As well as the Spring and the Well at the source.

DISCUSSION

Technology Officer Position [Don Fawson]

The Operation of the Water Company has a lot of components to it. The Board has a lot of aspects and each of the Board Members are volunteers, as are the members of the Town Council, Planning Commission, and so forth. It takes all of us. As I have served in the past on Boards, they are voted in and expected to be the ones that are going to do all the work, to get down in the ditch and fix things, they are the ones that are going to take care of all the reporting and everything. This is actually a business, and as you know in most businesses the Boards take in information from people in the field and decide if they are going in the right direction or not. With a smaller Board there is more hands-on involvement just like we have been doing. There are people with skills that can help a Board to be able to reduce the amount of individual stress and also increase productivity. During the last election we had two Board members who lost the election – Larry and Doris. They both had amazing skills that compliment what we are doing here in the Water Company. As I said before we are all concerned about the quality of our water and being able to maintain it. That is really why we are here and quite frankly Doris McNally was a big loss as well as Larry. I have talked to Doris and Larry about stepping up and assisting us in some of the areas that we are going to need. Larry and I spent time at this Cross Connection Conference to get certified and that is a big commitment. And Doris has spent hours and hours working with the company trying to take care of IT and some other things. Larry and I have spoken, and he is not ready to make any formal commitment at this time, but we will have future talks with him. I have had the chance to talk to Doris and I am proposing that we bring Doris on to the Water Company as a Technology Officer

VOTE

MOTION DORIS MCNALLY TO BE TECHNOLOGY OFFICER: Don Fawson | SECOND: Kurt Allen
MOTION APPROVED: Unanimously

DISCUSSION

Board [Kurt Allen]

The Division of Drinking water report and completing our CCR report to the Division of Drinking Water. It has been completed and is ready for the board review before the end of the month. It will be completed and turned in by the end of the month. CCR means the Consumer Confident Report in our water. The Division of Drinking Water requires us to report on the use and what our standards are for that water.

DISCUSSION

Privately Owned Property near Spring [Don Fawson]

Don Fawson - Is Michelle Peot here? Can I share a little about your communication and my response?

Michelle Peot - Yes.

Don Fawson - Michelle said she did some follow up research on the Oak Grove Spring parcel sale which was mentioned on the prior regular Board agenda but not discussed. Let me bring everybody up to speed on that --- unbeknownst to us and maybe for generations, there is a place up the Oak Grove Canyon people referred to as Joes, whether that's the parcel that we are talking about or not I don't know. But up Oak Grove Rd by the Spring there is 60 acres of privately owned property that none of us on the Board were aware of It and I have lived here for 50 years. Susan Savage, who's been here her entire life and been on the Board a number of times, did not know about this land either. It turns out this land was sold. The Forest Service tried to purchase it, but the then current landowner would not sell to them. They sold it to a new private owner. What got our attention is there is now a new huge road on the North side of the road opposite the Spring, that you can drive cars up when it used to be a foot trail. We saw a stake

near the Spring, so we started researching to see what was going on and we found out that our Spring is on his private land. He can't claim the Spring because it is dedicated to the water company, but it doesn't feel comfortable. So we got in touch with the land owner and talked with him. He was a very gracious person, and willing to try to work with us and figure out a positive solution. We are hoping that we can purchase the land on which the Spring resides and at least right now it looks viable. Michelle's concern was why we didn't share this with everybody. The answer is we were not aware. But if we are able to procure this land, we believe, it will be better than if the Forest Service owned it.

Michelle Peot – When my neighbor Cindy and I asked about it we were told it wasn't a big deal, he just wants to build a family cabin. So that's when I did this additional research. I have all of the parcel maps, water deeds, etc. (passed to board). My Concern is he has 7 acre ft of water which is a huge amount and it's all irrigation and no culinary. How is he is planning on building a cabin?

Don Fawson – Thank you Michelle, the fact you shareholders are taking an interest is very valuable. This privately owned property has been there for years, and years and the only change is the owner. We did not know who the owner was before so in this case the sale has made us aware of the fact so now we know who the owner is and that he is workable, and we will move ahead to try to purchase.

Cindy Neubauer – My concern is, is the new owner going to be doing something that could impact our water. Did you discuss his plans, are they thinking about building something, or cattle, or another project? It was my understanding from our conversations he plans to have a cabin or something. How can he build something if he doesn't have water?

Don Fawson – He doesn't have to have water to build. He can build something, and the septic system is something the health department would deal with, and it would have to go through their quality control. It is out of our hands. It is there, we definitely want to monitor, and we want to be good neighbors, so we are going to try to work through issues in a very congenial manner for both our benefit. As Kurt said earlier our water is exceptional and its exceptional on about every standard. We want to keep it that way. The reason we have low nitrates is because we don't have cattle, we don't have things like farming, and things above our water source that impacts or creates problems.

Michelle Peot – Does the State do any inspections like on an infrastructure perspective.

Don Fawson – Every 3 years there is a major evaluation. An evaluator comes down and looks at all our sources and supplies and all those things.

Mark Osmer – They can't do anything within a certain distance from the Spring. Where he started his road is up from the Spring.

Larry Bruley - He is building far away. You can walk up the road see where his cabin will be built.

Allen Cohen – The State has a 1,500 ft radius requirement for a septic away from the spring so there is a large buffer.

Ralph Rohr – If this man just has irrigation what is he going to do up there. Are you aware if he has bought up other water in the area?

Kurt Allen – He wants to build a cabin for himself and his son.

Don Fawson – There is only so much we can do with someone with private property, they have rights

Ralph Rohr – You mentioned we were going to purchase the Spring land, who is going to do that.

Kurt Allen – The Board is, we are doing it together

Ralph Rohr – When might we expect some kind of an update and get an answer to what he is willing to do to cooperate.

Don Fawson – With any kind of legal issues it depends on people that are involved and how fast they want to move it ahead, so It is going to happen as fast as it can happen. We obviously want to get it done sooner than later, but we can't give specific dates. We will try to keep you updated at the next board meeting.

Ralph Rohr – it would be reassuring if you could inform us at the next meeting. If he is buying water, if it is one specific well it depends on or where his source is and are we going to have enough water.

Don Fawson – We agree with your concerns and are asking those questions, so if you can trust us as a Board to work on that.

Ralph Rohr – It is not a matter of trust it is a matter of information and documentation. So, we can expect some sort of update report next month.

Don Fawson – Sure

Unknown shareholder - What do we have for protections or even a Plan B in a worst case scenario. Say somehow this guy has full access to our Spring.

Aaron Bateman - There is a fence around the spring, there is a protected area there they are not allowed into. It is on their property, but they do not have access to it. It is no more unprotected now than it has been for the last 100 years.

Kevin Lee – Do we have a legally binding easement and access or something?

Don Fawson – That is a good question, and it is one we need to pursue.

Larry Bruley – The fact that it has been in LDWA control and usage for as long as it has there is not going to be an issue, there is going to be a prescriptive right so there wouldn't be an issue even if he tried to take. Second, we need to understand we are not talking about an aquifer, we are talking about a Spring. They are two different things. So, this water comes down through the mountain and into the Spring. Even if he drilled 4 wells that doesn't mean he is going to get into our source.

Kurt Allen – That is correct.

Cindy Neubauer - When I had property in Rockville, we had to have culinary water rights before you could build a home or a cabin. Is that not true where his property is?

Aaron Bateman – He has purchased the property; he has not tried to build anything on it yet.

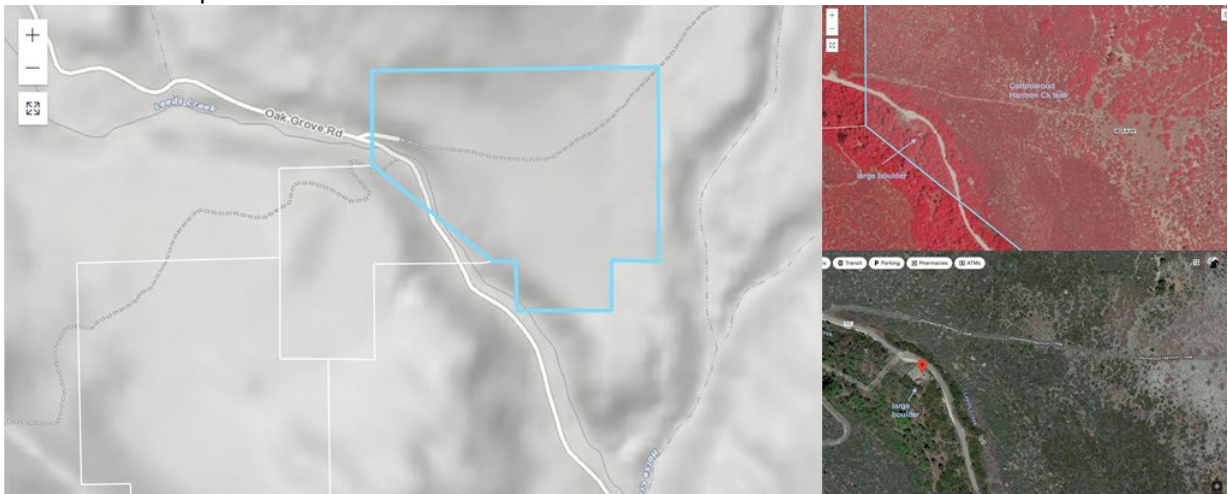
Don Fawson – He is in the County, so they are the ones that have control over all of that.

Cindy Neubauer – I was wondering if we could negotiate on that. If he has to have culinary water before he can build, maybe we could swap the culinary water rights for the land where the Spring is.

Kurt Allen, Don Fawson – That is a good option. That is a thought.

LINKS TO THE DOCUMENTS [Shared by Michele Peot & also known to LDWA]

- Washington County Recorder Parcel Info [PARCEL# 4025-A-HV ACCOUNT# 0167406](#)
- UGRC Parcel Maps



- [Real Estate Listing for SOLD Parcel](#)
- Warrantee Deed for Parcel# 4025-A-HV ACCOUNT# 0167406
<http://eweb.washco.utah.gov:8080/recorder/taxweb/account.jsp?accountNum=0167406&doc=DOC4976S221>

VI. SHAREHOLDERS COMMENTS

DISCUSSION

Water Rights in Spring [Elliott Sheltman]

Elliott Sheltman – What is the total water rights we have in the Spring? I asked that last month and hoped you would have an answer for me.

Aaron Bateman – Total number of water rights?

Kurt Allen – LDWA has 459.93 acre ft of water

Elliott Sheltman – No I mean at the Spring

Kurt Allen – That is both sources.

Elliott Sheltman – The reason I am asking is because we had 25 I think in Ventura that was originally Silver Reef Special Service District water and it was knocked down to under 10. I was hoping we got some of that back. I was hoping we would because of the septic situation we had with David Moses. Do you know if that was done?

Don Fawson – We don't

DISCUSSION | **Construction** [Elliott Sheltman]

Elliott Sheltman – I have the information on the construction. I sent it in on the 14th of January, but I wasn't on the Board any longer. The basic idea was to increase the capacity and keep the same footprint and it went up. It wouldn't interfere with the BLM and its red tape. This is the engineering and it priced out. This shows what it was then.

DISCUSSION | **Cement Tank** [Elliott Sheltman]

Elliott Sheltman – This is about the cement tank. This basically what I left with you when I left. It shows what ordinances that will let you do that legally, I don't have copies, but you can figure that out.

DISCUSSION | **El Dorado Well** [Elliott Sheltman]

Elliott Sheltman – I have questions about the Well. We were using it with the spring throughout the year 2020 and we use those exclusively without the main suburb well saving ourselves a total cost of \$4,300 for the entire year of electricity. I think the annual meeting said it was \$8,000 but I've got the profit loss from 2020 we were happy about that, so I have a copy of that and it shows it was \$4,300. Now that well is no longer in existence it was destroyed, and my questions is why? and is there a plan to rebuild it? You've also got exposed lines. That's a live line by the way, it's protected by a valve that's probably up to the Division of Drinking Water standards. So, you were going to find that out for me.

Don Fawson - I have a little bit of information, this is from Utah Department of Environmental Quality Division of Drinking Water, and this is the report that I picked up down at the rural water and basically Eldorado concrete tank is inactive, including the Well. The other concern I have is it was already set up by this and on 10/9/2019 with your name on it as being the one that did the assessment.

Elliott Sheltman – Excuse me I don't understand what you just said.

Aaron Bateman– That well has been in-active since 2019 with your signature on it.

Elliott Sheltman - It was marked as inactive. We had it in place in 2013 in the Annual Meeting Minutes we stated that we bring it back online we spent money to bring back online do water testing with the state and it was it was active in so much as we were using it at that time.

Don Fawson - How did you use it? How did you how did you get water into the line?

Elliott Sheltman – Testing, flushing the line. Not only the line was putting from the well up to the tank, an 8 inch line it would fill the tank and we use it in the system.

Don Fawson - There's an 8 inch line from that well up to the tank?

Elliott Sheltman – That is correct.

Don Fawson - Are you aware of that Mark?

Mark Osmer – There is a line up there. I'm not exactly sure (talked over top of)

Elliott Sheltman – Mark put it in

Mark Osmer – You're talking about the Highlands Well so you

Elliott Sheltman – No the Eldorado

Mark Osmer - I didn't put any new lines in on that one.

Elliott Sheltman – You put an 8 inch line up to the insert six before that

Mark Osmer – We put one up to the fire hydrant. It was near it.

Elliott Sheltman - As an inactive we did do test on it. It was tested and kept up to date, including nitrates about three years ago. So what I'm wondering is the idea was after this experiment in 2020 it worked so well we talked to Cluff Drilling about going in and making it bigger. We bought a motor for it during the project in 2010 and then we're going to basically reset it up and see if we could get more water out of it, and that would give us exactly as much water as the main well gets us so we basically had two system set in place either one of which would provide water for the entire town of Leeds as far as our water leads.

Don Fawson – You know I'd really be interested in going up there with you and having you kind of walk that off and show us what's going on.

Elliott Sheltman – I would be willing to do that. Is there a plan to put it back at all?

Don Fawson – So let me just kind of tell you what basically has gone on up to this point, maybe it'll help clarify that. As it sits without a line up to the tank or something else to be able to pump that up, not to the El Dorado tank but to the Highlands tank it basically is pretty useless, because there's not enough head to be able to match the pressure in the system. Basically, what happened was when we took the structure down because we're going to put a different structure on the well casing drop down in the well so it's 85 feet down in the well it can be extracted, but in talking to Mark he said that when he starts pumping that well it becomes turbid, you start sucking sand or something out of it.

Elliott Sheltman – that is right

Don Fawson - We actually had Cluff Drilling come look at it and he said to extract the pump and to scope the well to see if it actually was worth anything, and then to possibly case it. It was going to run about \$30,000 at the time it. They also said they've seen wells where they were turbid like that where they were actually sucking sand or whatever that actually created caverns down there, and in some cases when they brought drilling rigs in or whatever they dropped into that hole or that cavern. It's not that we haven't been investigating and looking at it but there's a lot of other things going on right now that we're looking at. We know that we need another well obviously. If this is the one that we use or not remains to be determined.

Elliott Sheltman – Just so you know, a few years ago as part of this deal we talked to Karl Rasmussen, our engineer at the time and the way to bring that in because it is an outside system because it was Eldorado originally and never brought in. So we engineered something, it was loosely engineer but quite a bit of works been done, Mark is part of that too. And what it was, we put a line down Silver Reef Road with a series of valves at the whatever the side street is I forgot but doing that you could probably use that tank independently.

Don Fawson - Right if you could get a line long enough not at the bottom of that tank to get down to match the pressure in the line because of the head then you could possibly use that tank.

Elliott Sheltman - So you don't know the plans are but possibly there could be something going on.

Aaron Bateman – We are working on trying to figure out how to utilize that. We have been in discussions but again the time that we've had together as a board right now it's been very short and the time that we have to focus on projects like this has been very limited.

Elliott Sheltman - I know I've been there and again it's just I mean I know a lot of lot of information comes in but I have offered to work with the Board to help on projects like this.

Don Fawson - We appreciate that offer and I do want to get with you, and I'd like you to show me where this line goes if you're willing to do that

Elliott Sheltman - Sure

Wayne Peterson – I have lived in Eldorado for 10 years I can only speak secondhand but I know many of the long-term residents of El Dorado have commented on the quality of the water they had before they got away from the Eldorado well and onto the spring water that we now enjoy. So, I'd just be mindful of quality differences with the water. It was mentioned that the board is drinking from a fire hose, I can appreciate that over my time in service to the town I do realize that that kind of flows sometimes happens. The one thing I would encourage is for the Board once you get your arms around what needs

some assistance to ask the shareholders whether they're willing to come and respond on volunteer basis. I would refer to it as a transactional basis, I'm not interested in being an officer or responsible for anything in particular but I'm willing to give up my time and talent to try to help address what would be needed to maintain this water company for our community. The one thing I would also encourage you to do is during my 10 years here there have been multiple individuals who want to be the indispensable individual when it comes to the water company that is not how to have a good long standing, well functioning Water Company and I would encourage you, with the use of community resources that might be willing to volunteer to get away from this era of " I'm indispensable and you need to deal with me." Thank You Aaron Bateman - Absolutely

DISCUSSION | **Backflow** [Elliott Sheltman]

Alan Roberts – I want to go back to backflow assemblies on your cross connections. Quickly shareholders need to understand a lot of municipalities managed their cross connections a little bit different than so far what LDWA does now. LDWA is on a deadline by the state of becoming compliant the way that I interpret the board in the past and even this current board here, we're going to require individual property owners to protect that water system. You have an administrator over that cross connection. I speak because I have 20 years in that industry with USC and cross connections, keep it on the administrative level, but I'm not supportive of the water company doing assessments on individual properties. You have to decide how you're going to manage that as far as the protective device unless the water company is willing to put double checks dual checks on every meter that they have.

Don Fawson - They already have. Every meter has a dual check. That was part of this whole thing when we took the loan out, so they've been in about 10 years. In this class it was stated that they are asking that 10% of those dual checks be replaced every year.

Alan Roberts - yeah so I just want people to know that you're going to be footing the bill for this device and if the water company is doing its job correctly there is an annual certification that has to happen on any device that this water company has to keep track of.

Don Fawson – That's correct, if it's a testable device.

DISCUSSION | **El Dorado Well House Area** [Ralph Rohr]

Ralph Rohr – First, I mentioned the billing problem, but I haven't heard what the solution is going to be, who's going to be managing that. I'd like to know about that. Second: With regards to the Eldorado Well, it was used for the entire year as our water supply in 2020 for the entire summer and nobody complained about the water that I am aware of, unless you are. What I would like to know is who decided to create destruction of this area. We have highly expensive valve and piping equipment piled in a heap. We got a fence torn down, and the top of this thing a partial concrete thing is gone so anybody can climb over. There's one open pipe inside and the well head is there, and then there's another open pipe outside which is connected directly to our 8" water line. (It is a drain line not connected to the system) We've got tremendous demolition destruction. Electrical service's severed and cut. I've sent these around (pictures) and there's a lot of separate wires, so my question is when did the board decide to accomplish this and why was it done the way it was.

Don Fawson - I can answer that. We had been looking at that building up there and felt that it needed to be removed. I wouldn't call it dooby, maybe at one time it was, but it was kind of melting away and we felt it needed to be replaced. It wasn't protecting the well. You're right this is a mess right now and it needs to be cleaned up.

Ralph Rohr – Was this a board decision. Are there minutes reflecting what you're telling us.

Don Fawson - I can't tell you. But if you want to blame somebody blame me.

Ralph Rohr – I am not trying to blame anybody.

Don Fawson - I think the point here is that it was people that were involved with field operations at the time. and I think the decision was good on the outset. I didn't realize at the time that we were going to

have to dismantle anything to get the job done, but it did. It was during this process the well was disconnected and the pipe fell in. I wasn't there at the time but nonetheless.

Ralph Rohr – Do you know when that was?

Don Fawson - What's it been Mark? A couple months,

Mark Osmer – Yeah a couple of months

Ralph Rohr - So the board decided and discussed this? Is there documentation and minutes.

Aaron Bateman – Yes, yes there minutes

Don Fawson - If there wasn't it's still there and we need to take care of it,

Ralph Rohr – we need action on this, we got open gaping pipes

Mark Osmer – that is just a pipe that goes to waste, so it's not really connected to it.

Ralph Rohr - and the inside there's another open pipe there.

Mark Osmer - that just goes down to the well so it's not connected at the moment. The well isn't connected at all to the system.

Ralph Rohr - When I see things like this do you

Don Fawson - would you like to take a field trip up there with somebody and talk about it.

Ralph Rohr – I've been there, I've seen it.

Don Fawson – I know you've seen it, it's obviously disturbing and it's a frustration to us too we want to get it either capped or we want to get it repaired and fixed.

Don Fawson - When you say that in 2020 that that well was actually being used is that true?

Elliott Sheltman - Yeah

Don Fawson - So it was being pumped in the pipe that that you said is there. This 8 inch pipe and it was being pumped into the Highlands tank?

Elliott Sheltman – It was being pumped into the Eldorado tank.

Don Fawson - and then where?

Elliott Sheltman - Into the system. The water testing that's done was individual testing.

Don Fawson - but you just told me and we both agreed that in order to get that water into the system from that Eldorado tank you would have to drop a line down far enough to be able to equalize the pressure and that hasn't been done, so how did you get how did you get the water into that system.

Elliott Sheltman – The water was coming out of the well. The well was producing about 120 per minute.

Don Fawson - But where was the water going.

Elliott Sheltman – It was going up the line into the tank.

Don Fawson - Into which tank?

Elliott Sheltman – The Eldorado tank. Which is up above that property.

Don Fawson - I don't see any way that you got water into that system.

Elliott Sheltman – Marks here you can ask him.

Don Fawson - Mark did that happen?

Mark Osmer - We did yeah but we turned the pressures down on the PRV which caused problems.

Elliott Sheltman – He did modifications where necessary as part of the experiment.

Kurt Allen - That would have caused some serious problems. With the pressure down on the PRV

Don Fawson – what did it cause

Elliott Sheltman - the pressures were watched and monitored. We watched the whole system. You know that.

Kurt Allen - I was part of the engineering of that system there and there's no way of getting the water out of that tank and into the system unless you turn the PRV way down in order for that to work.

Elliott Sheltman – The numbers should be in your file, we engineered it, we also did it and kept track of the numbers so you can check that.

Don Fawson - The point is I mean you're just walking up there without having pressure readings or anything else it appears to me there's high houses up on the end they're actually almost as high as that tank or maybe even higher.

Elliott Sheltman – your ready to mix with the system that is under high pressure coming from the well sites and coming from the spring. It's OK I can meet with you and I will discuss this with you. However, Ralph is making good points, that thing is destroyed. That is not, hey let's look at it and let's take it apart piece by

piece. You now have a situation where the State is going to have to come in and reapprove that because it's gone and the structure itself is going to have to go through the town permitting process because there's no structure left. The structure was rammed earth but you know what it was water tight and that structure was there and it worked and you can't rebuild it you're going to have to start from scratch starting with the state approval process which would take awhile.

Kurt Allen - OK let's go, we've had plenty of discussion on this

Don Fawson - I'll tell you what Elliott, let's bring this with you later and decide what we can do on that I just don't see.

Aaron Bateman - The State will have to get involved regardless because that well is decommissioned

Elliott Sheltman - It wasn't decommissioned it was inactive, which is different.

Aaron Bateman - According to the state it was decommissioned so it would require us to re

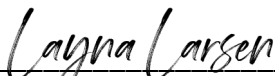
Kurt Allen - OK so let me let me summarize here real quick thank you we appreciate it...

Ralph Rohr – These pictures we did speak to an irresponsible activity, I would think vandals had come and done this. not a water department board decision. I was very shocked when I saw it.

Kurt Allen - Thank you Ralph there's obviously a lot of problems with the well, with the tank, with the system I know hydraulically wise that that tank does not work within the system otherwise it would have been put online 12 years ago when the reconstruction project took place and the state officially has it reported as being inactive in 2019 and just to clarify with the shareholders so that we don't have to go through this process every board meeting I would like to make a motion that we leave that well and that tank inactive for the time being until further studies and investigation can be done to see if we can bring it back on line..

VOTE	MOTION TO LEAVE EL DORADO WELL INACTIVE UNTIL FURTHER INVESTIGATIONS CAN BE DONE TO INVESTIGATE VIABILITY: Kurt Allen SECOND: Don Fawson MOTION APPROVED: Unanimously <i>*MODIFICATION MADE TO CORRECT CAPTURE OF VOTE DETAILS. (Review of Recording of meeting @ 00:57:01 Time Stamp)</i>
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VII. ADJOURNMENT :: [08:01 PM Aaron Bateman]



Layna Larsen, Corporate Secretary



LDWA

Leeds Domestic Water Users Association



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors

Wednesday, **April 20, 2022** at 7:00pm at Leeds Town Hall,
located at 218 N. Main Street, Leeds, UT 84746.

1) Call to Order

- a) Roll Call
- b) Prayer
- c) Pledge of Allegiance

2) Announcements

- a) Consent Agenda
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports

- a) President's Report
- b) Operations (Field) Report
- c) Finance Report
- d) Administration Report
- e) Shareholders Comments:
No action may be taken on a matter raised under this agenda item.
Shareholder must step to podium to make comments.
(Three minutes per person).

4) Roll Call Vote to close meeting



Leeds Domestic Water Users Association (LDWA)

1901 Silver Reef Drive | PO Box 460627 | Leeds, UT 84746

Phone: (435) 879-0278 | E-Mail: LDWAcorp@infowest.com | Web: ldwacorp.org



Minutes

DATE/TIME/LOCATION:	April 20, 2022 7:05 PM Hybrid Meeting: Leeds Town Hall
TYPE OF MEETING:	Meeting of the Board of Directors
NOTE TAKER:	Layna Larsen
ATTENDEES:	<p>Members/Staff: Don Fawson (P), Kurt Allen (VP), Sharon Johnson (Treasurer), Mark Osmer (Field Mgr), Layna Larsen (Corp. Secretary)</p> <p>Shareholders: Robert McNally, Darryl Lewis, Alan Cohn, Bill Hoster, Alan & Susan Roberts, Mitzi & Jack Butler, Ralph & Angela Rohr, John Parry, Michelle Peot, Cynthia Neubauer, Eileen Penrose, Bill Hoster, Terry Allen, Wayne Peterson</p> <p>Attendees: Sheryl Lee</p>

Agenda Topics

I. CALL TO ORDER [Don Fawson]

CALL TO ORDER	Don Fawson @ 7:05 P.M.
ROLL CALL	Present: Don Fawson, Kurt Allen, Sharon Johnson, Layna Larsen

II. PRAYER [Sharon Johnson]

III. PLEDGE [Kurt Allen]

IV. AGENDA CONSENT & PRIOR MEETING'S MINURES APPROVAL [Don Fawson]

VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Kurt Allen SECOND: Sharon Johnson MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE TONIGHT'S AGENDA: Kurt Allen SECOND: Sharon Johnson MOTION APPROVED: Unanimously

V. ADMINISTRATIVE UPDATE [Don Fawson]

DISCUSSION	Resignations
Aaron Bateman, Phillip Piene, and Sheryl Lee have resigned.	
LETTERS –	

Dear Board Members,

After careful consideration, I have come to the conclusion that I must step down from serving on the LDWA Board for the benefit of LDWA and its shareholders. My employment is demanding much more of my time and energy than previously, and I do not feel right about the time I have been taking away from my employer and my family to continue serving on the board. I must take care of myself and my family first and foremost, and with my current situation I do not feel that I can continue to move LDWA forward as it should. I do not want LDWA to suffer because of my lack of time. The LDWA deserves somebody who is able to devote the time that I cannot currently give.

The opportunity to serve over the past several years has been challenging and rewarding. The people that I have gotten to know and the service that I have been able to give has been a blessing to both me and my family. My time on the LDWA Board has been a valued experience that I have learned a great deal from. I have appreciated working with such fine people, both current and former dedicated board members as well as the shareholders. The support that I have from each of you I feel and greatly appreciate.

Considering that it is LDWA's 90th anniversary, hopefully we can celebrate all the amazing accomplishments of all the previous boards and look forward to the bright future ahead.

Sincerely,
Aaron Bateman

Fellow Board Members,

I appreciate each of you and what you do on behalf of our town and caring for and maintaining our critical water resource.

When I was elected to the Board I did so under the premise that the time required to do the job well would be much less than it actually is. After being on the Board for a few months it has become clear that given the time requirements of my profession position and other personal commitments that I had previously made I lack the time to properly serve on the Board. Like Aaron I do not want LDWA to suffer because I cannot currently give the time needed to properly fulfill my position on the Board.

Therefore, I am formally resigning as a member of LDWA Board. I hope that by doing so at this time the Board can add the new members needed and more forward.

I respect each of you and greatly appreciate your service.

Thank you for all you do,

Phillip Peine

Sheryl personally expressed her need to reduce Stress.

DISCUSSION	Reorganization [Don Fawson]
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Based on these resignations, The Board has reorganized its Officer positions as follows:

President:	Don Fawson
Vice President:	Kurt Allen
Treasurer:	Sharon Johnson

DISCUSSION	Appointments [Don Fawson]
<p>LDWA By Laws: Article 4: Section 3: In the event of the (death) <u>resignation</u> (or removal) of a Director, a temporary successor <u>shall</u> be selected by the remaining members of the Board and shall serve for the unexpired term of his/her predecessor. (Bylaws, March 1995)</p> <p>*Review voting numbers: no one received more than 16% of the Total Shareholders votes</p> <p>In determining the best pathway forward relative to representing the wishes of the shareholders and in reviewing the needs of the current Board and the wishes of the individuals involved the Board first looked to the remaining 3 candidates that the shareholders had nominated and voted for, namely: Larry Bruley, Doris McNally, and Syd Holt.</p> <p>The Board talked with Larry Bruley, and we have a special assignment for him, and Syd Holt graciously declined an offer to join the Board at this time. And Doris McNally, the other person that ran, was approached. And she has accepted a position on the board to fill one of the vacated Board positions. And the Board has placed her on the board. She will serve as the Board IT (Information Technology) Officer. I know that there are some concerns specifically about that. She has been a tremendous asset to the board ever since that vote was taken in February. She could have, I think, been offended, particularly by some who have voiced negative comments in meetings, but she didn't. She has been very gracious and has been helping with some of the IT things that she needed to step in and help with. We would have been floundering if we hadn't had that assistance. The board recognizes that it's important to be able to spread knowledge among the various board members. And we are in the process of trying to cross train individuals on the various aspects of what it takes to be a Board member. So, we are appreciative of Doris's acceptance of that position. And that leaves one unfilled position which we are currently trying to fill. We'd like to have individuals who are interested in this position, let us know so we will be able to consider them for that position.</p>	

DISCUSSION	Administrator of Waterworks Field Operations & Utah State mandated Cross-Connection program [Don Fawson]
<p>We have been in discussion with Larry Bruley, hopefully you are acquainted with him. Larry is a great guy and if you haven't been up to have some ice cream, you need to do that. But he also has a tremendous amount of knowledge. He was a developer in California. So, he understands how to manage systems. We asked him to go to the Rural Water Conference and become a certified cross connection administrator. Which he did. I joined him in that and that is one of the things the state is coming down heavily on. And we want to be able to be in compliance. In order to keep our system, we have to comply with the requirements of the state. Failure to do that, whether we like the requirements or not, puts our water system in jeopardy. So, we have talked to Larry, and he has consented to come on as the cross-connection project administrator. So, I'll accept a motion at this point to confirm that.</p>	
VOTE	MOTION TO APPOINT LARRY BRULEY AS OFFICIAL CROSS CONNECTION PROJECT ADMINISTRATOR: Sharon Johnson SECOND: Kurt Allen MOTION APPROVED: Unanimously

VI. OFFICERS REPORTS [All Board Members]

PRESIDENT'S REPORT [Don Fawson]

DISCUSSION

Meeting with Chief Forest Ranger, Nick Glidden

I met with the Chief Forest Ranger for the Dixie National Forest. I don't know if you know Nick Glidden, he actually came to a town meeting at one time. Very gracious man.

1. We discussed what's happening up the Canyon. I know we're all concerned, we have the spring up there, we have access roads, and things like that. As well as the road going to Oak Grove passes through his private property. We wanted to get a sense of where that was at. One of the rumors that was floating around is that the Forest Service was going to pave the road to Oak Grove. I don't know if any of you have heard that, but if you haven't, there's the rumor, It's false. It's not going to happen. However, he did say that they're planning to improve the road in anticipation of increased use. I know that for those of you that are up on the Oak Grove Road that isn't necessarily good news, but that's a fact.
2. They will be creating more official sites along the road up there and that's to eliminate the random stuff that's going on right now, because they are finding a lot of toilet paper and stuff like that up in those areas, and we want to keep that out of our watershed and whatnot. So, they are looking at doing that.
3. They are also planning some vegetation mitigation. Some of it will be by machine, they have these big choppers that kind of rack the vegetation from the road to keep it back. They are also talking about prescribed burns. Having been on the fire department for years, we used to call them controlled burns, they were always out of control. So, they changed the name to prescribed and hopefully they can keep it controlled. Their concern is that if they can do it in a prescribed way and keep a handle on it, they can reduce the fuel load and not create a situation where it's suddenly, a surprise and out of control before they can get people in there.
4. They've put money in to replace all the bridges along that road up there, and I know those of you that have been across the road down there just past Silver Reef, we're all concerned about the fact that it looks like it's caving in. He said that they had an engineer come up, their engineer a Forest Service engineer and looked the bridge over. And he said the bridge itself was sound, but obviously the sides and whatnot are not. If they can get the funding, they will replace the bridges and they will start with that one. That'll be the first one that goes in. Our concern with that is that our water line runs just South of that, about two feet off the edge of that bridge under the Creek. We'll keep a close eye on that to work with their engineering people and want to make sure that's protected and maybe even improved as far as its protection is concerned.
5. The Campground is going to open late this year, and the reason for that is that they have crews up there, camping in the campground, they have been doing culvert work or putting in additional culverts.
6. We also talked about some of the projects that we'd like to do up there. I don't know if you noticed that when you go up the Dugway, you know that narrow place where the road narrows and kind of go around that curve. If you look back, you can see our pipeline from the spring down in that Canyon. And it's the original pipe that's in there, its welded steel wrapped with tar and whatnot. But that dip going down and coming back up has caused us some problems with their blocks and those kinds of things. So, we're looking at the possibility of putting in a pipe along the inside of that dugway, connecting it to a 6-inch line where we currently have it stubbed out at that point and connecting with that steel pipe. So, we talked about the permitting process, and he said it can take up to a year or more. But he also offered his help in being able to streamline that as much as we can, by looking it over and making sure we've got all the details that are necessary for getting that done. Including all the engineering drawings and everything else.

7. Obviously, it is going to create a closure in that road for however long it takes to dig that pipe down through their bed and get it up. I asked him if it is going to be a problem with access. Like Susan's access to the Danish ranch and whatnot. He said no, people just have to come in the other way. They will make sure it's advertised. But that's kind of a long way around for a few days. Anyway, that was his report. I'm glad to get the information from him. He didn't see any problem with the right away at that road going up through the private property.

VICE PRESIDENTS REPORT [Kurt Allen]

DISCUSSION	Private Property Spring is located on
	<p><u>Kurt Allen</u> - The 60-acre private property, Pintura Properties, is the official name of the owner. The board has been meeting with Jason Campbell who is the individual that owns it. It is Jason and his wife's intent to be good neighbors to us. And it's our intent to be good neighbors to them. The spring is not in jeopardy in any way. Jason and his wife would like to build three or four cabins up on those 60 acres for them and their children. It's a very special piece of property to them and it's not their intent to destroy it in any way or to subdivide it in a high density or in a glamping way or anything. Jason's intentions are to work with LDWA and provide the access to our spring for maintenance, and work with us on the possible redevelopment of the spring to get us the property we need to do that. So, there's a lot of concern about this situation that originally had a lot of red flags, but we feel after visiting with Jason and his wife that those red flags are diminished to a point where we're not real concerned about him threatening our spring in any way. We wanted to let you know that we're working on it and it's an ongoing process, yes.</p> <p><u>Shareholder</u> - So, are you saying that LDWA is working on trying to come to a purchase agreement with the property?</p> <p><u>Kurt Allen</u> - We were hoping that as we went into this, we were hoping that it would be a purchase agreement for the property, but here's the situation. When we approached Jason on this. He said it's his intent to keep all 60 acres together because the county has a development rule that they require 20 acres to build a structure on, so he's wanting to keep the 60 acres together under his ownership so that he can at least get three building permits from the county. So, it's not his intent to sell the property to us, but it is his intent to provide the access that we need to maintain and work on our spring.</p> <p><u>Michelle Peot</u> – So did you do the easement so that it's in writing.</p> <p><u>Kurt Allen</u> - There's already an easement in place for the spring.</p> <p><u>Michelle Peot</u> – do you have documentations showing that because I could not find any.</p> <p><u>Kurt Allen</u> - I don't tonight, but we can look into that. Yes.</p> <p><u>Don Fawson</u> – The point here is. We are concerned as you are. We prefer not to just say yeah, it's all taken care of. At the present time we've been using an attorney out of Salt Lake. They're great attorneys, but the problem is the distance. If there's something going on down here that we need physical help with, we must pay for their flight down and their time here, and everything else, it just becomes cost prohibitive. So, we're currently working on finding a local attorney, that's a good water attorney, that's also connected politically. One that can help us with some of these things and then move ahead with working out the details of that kind of agreement. Jason did say if there was 62 acres, I'd sell it to you. The area that the spring is on, as I've mapped it out on the map is about an acre and a half. But because of that 20 acre rule he's just not interested in breaking that up at this point and time.</p> <p><u>Ralph Rohr</u> – So he literally owns the property the spring is on.</p> <p><u>Kurt Allen</u> - Yes, he does. The spring has been operated out of by LDWA for more than 100 years. Therefore, it's been there for more than 100 years, but LDWA has been operating out of that spring for nearly 100 years and it's not going to be threatened in any way by him owning that property.</p>

Ralph Rohr - As mentioned it would be good to have legal documentation.

Kurt Allen - We're definitely working that direction; Ralph and we're hoping that we can enlarge what is already fenced off so that we can have an area to do construction and improve the spring. So, we feel like he's going to work with us on this. At what cost I don't know.

Shareholder – What are his water rights on that property, and will it affect our spring?

Kurt Allen - Well, he does have water rights on that property. He's got I think, About 12-acre feet.

Michelle Peot – He has irrigation water rights only, but it comes out of the same aquifer.

Kurt Allen – Right, and a lot of that information is in Michelle's report, and we look forward to getting that and looking at it and we appreciate her doing the homework on that. This is going to be a collective effort by everyone, and we appreciate your input, your ideas, and support.

Shareholder - Does Jason plan on any septic lines, out houses, and are these three buildings, cabins?

Kurt Allen – They would be cabins. I don't know what he planned on. We didn't get into that, no.

Don Fawson - He didn't share any of that with us.

Shareholder – If I had 60-acres, I would be putting septic on it. What are the ramifications on that with the water?

Kurt Allen - Well, it's large enough that he can get within the state statutes of 1500 feet away from our spring.

Shareholder - Is that suitable property for Septic tank, 1500 feet away?

Don Fawson - What you need to do, once they open that up, up there, you need to drive up there. If you've never done it. Just across from the spring there is actually a trail that went up to the side of the mountain. There is a hip right there. It goes right to the edge of the road. So, there's no way you're going to put a septic in that area, it would have to be way up on top. And I can tell you if you're not in good shape, then you're not going to do well going up that road to the top because it's quite a hike. So, it's just not going to happen if in fact there's a septic system put up there. First of all, it's going to have to meet the health department requirements, which also includes them looking at the spring, the site, and those kinds of things. So, I'm not as concerned about the buildings.

Shareholder – So are the buildings going to be down by Oak Grove Rd?

Don Fawson - No, they're not. They couldn't. You go look at that. They have to put them up on top.

Michelle Peot – Is there going to be a reassessment of the well protection plan, it was set in 2006. Because there's quite a bit of infrastructure going in between this guy's property and the Forest Service changes with camping and whatnot, and it seems like that plan should be revisited and reassessed.

Kurt Allen - I don't know what you're even referring to.

Michelle Peot – If you look at LDWA the old website, there's something called the Oak Grove well sourced protection plan and there was an analysis done in accordance with the Forest Service to look at all of the risk to our water supply and what the radiation was. It seems like with all the changes that are going on, that that should be redone.

Kurt Allen - I agree.

Ralph Rohr - you have a copy of that Don. It's that one that is about 45 pages and it's just on the first page it says this will be reexamined in five years and as far as we can tell, that hasn't been looked at again since 2006.

Kurt Allen - I think that's a great idea. We need to re-evaluate that.

Susan Savage - The issue of having water on someone else's property that is very common. It's like mineral rights. You may have some property up here, so on the basis that there was a well on the property that the property doesn't have the water rights in well. We have a situation at home where there are water sources on our property, but other people have water rights in it. The water rights, the mineral rights don't necessarily go with the property.

Kurt Allen - Matter of fact, they don't at all.

Shareholder – If they've got 12-acre feet of water rights, then that's going to affect our water, one way or another. There is an aquifer.

Don Fawson - There's a seep up on top of that plateau that's been there forever. And it's basically water that kind of perks to the top. It's not a spring per say it's more just damp ground right now, but there's water up there on top. And so, he also talked about the possibility, of drilling a well or whatever. But all that's out in the future and you have to just kind of deal with those things as they come along. And keeping in contact with him and kind of working together on it.

Ralph Rohr - With this plan from 2006, it would be a good way to revisit that subject and make sure that we have things legally defined as they were. Which, Don, I know you know already.

Michelle Peot - And not make assumptions on where they're going to build and where they aren't. I mean, you should have their building plans to understand the risk to our water.

Don Fawson - They must submit those obviously to the county. That's where the approval is going to come from. This is not a free for all piece of land up there where they can just go out and do what they want.

Shareholder - So, this Jason gentleman can't start a water company up there. There's a company in town that goes up to Hilldale and gets fresh water and sells it. So, could he do the same thing?

Don Fawson - Drill a well and do that up there?

Shareholder - Just get it out of the spring. No, He can't take it out of the spring.

Kurt Allen - He can drill a well. He could take it out of his spring seep that's on his property. But he couldn't tap into our spring.

Shareholder - What is the area inside the fence where the spring actually is? Is that a full acre?

Kurt Allen - Oh no. My guess is maybe a third or quarter acre.

Robert McNally - You mentioned that attorney in Salt Lake City. I would just suggest that you look into his opinion. There's a legal document of adverse possession which would give you more rights on that piece of property than you may be aware of. Because the LDWA has been operating and maintaining that specific piece of property for like 90 years and there is a theory or there is a Legal, called adverse possession. The attorney may know about it. You may have more rights to that little area than you know.

Kurt Allen - Oh, I truly believe that.

Don Fawson - I do, too.

Darryl Lewis - Under what circumstances are we drawing water out of the stream right now? Legal.

Don Fawson - I don't know exactly what your question is.

Shareholder - You don't understand that question?

Don Fawson - No, I do not. Could you clarify that, please?

Shareholder - What gives us, LDWA the right to draw water from that spring? Right now, what document? What legal Basis is there for drawing that water?

Don Fawson - We have the water rights and they're attached to that spring.

Bill Hoster - There's a 2006 agreement which establishes that we have the rights

Mitzi Butler – I would just like to say, Thank You for your efforts to find a good attorney that will help us with this. This seems to me it's a very red Flag that nobody either from our board, from any of us, or from the buyer of that property when he signed it and got a title report. There is no recorded easement giving us the rights that we should have for that. There should be a file somewhere with; Here's a history of this, where this water comes.

Kurt Allen - You know, even if there isn't a hard copy of any recorded easement, Mitzi, it's like Robert says we have got the grandfathered rights to that spring.

Don Fawson - The whole issue here is this. There may be all those things, and we need to look into it. The problem with that was, is that for all these years, for these 90 years, no one that I know of knew that that

was private property. So, what was the point? Why would you research something that was a non-issue?

Shareholder - To safeguard our source of water.

Don Fawson - Well, be that as it may, that's all-past history and we need to move ahead in a positive way to be able to get this nailed down. We all agree with that, and we may be calling upon some of you. We'd like to have anybody that would like to volunteer to help research some of this, please acknowledge that. We'd love to have you help with it.

Kurt Allen - Yes, we're all on the same team here. We all want to protect that spring.

Ralph Rohr - With the Longstanding right away we've had it for so long that legally they would not be able to take that away from us.

Michelle Peot - Does anyone know the difference between having the water rights and then being able to protect the water rights by having the land around it, which is what the easement is for, I think that's the distinction.

Robert McNally - With the Adverse Position you may already own it. That area with where the spring is. Under that theory, you may actually own that independent of his 60 acres.

Kurt Allen - I agree.

Shareholder - With Eminent domain or whatever. So, each property is being used by an entity for years and it's never been questioned, they can legally absorb that as their own.

Kurt Allen - I agree with everything that's been said, yes.

Bill Hoster - I've research that for other purposes, and I can tell you that according to Utah State law on that circumstance, if the owner did not give an encroachment notice to the other party, then that can occur. It's usually past 20 years. But for the circumstances of what we have here, if the owner is aware of the encroachment and there's dialogue which you're saying right here, it nullifies that. Yeah. So, you guys are both aware of the of the circumstance verbally you really don't have that much power in that angle. Your attorney is probably going to have to collaborate that.

Kurt Allen - We promise you we're as concerned as you are, and we're as a board going to take care of this and get it resolved and make sure that we have a comfort level.

Ralph Rohr - Can we have meeting updates as you've done tonight. I'm sure we here tonight are going to be waiting to hear more as you proceed.

Don Fawson - Yeah. And one of the things I want to make clear here again, is we do want your help. Some of you are doing your individual research and it makes no sense, at least in my book, for us to be doing research, and you to be doing research, and then all of us coming together and duplicating efforts. So, if we can get your help with that, sign up, if you want to take a specific area that you want to work on, that would be really helpful. We would really appreciate it.

Bill Hoster - Just for clarification, we have kind of talk a little back here, with some unfamiliarity about where the spring is and such. Is it surrounded by other privately owned properties? Is it Sitla? Is it public lands?

Kurt Allen - It's public lands.

Bill Hoster - In your dialogue with Jason is there any approach with his council or our Council to come to an agreement that I think, Michelle, kind of kicked up and being able to authorize an easement?

Kurt Allen - Yes, it's his intent to do that. It isn't going to be for free. There is going to be a consented agreement that we come to with that, and it's both his and our intent to come to a mutual agreement and be good neighbors.

Bill Hoster - So, he's asking for a quick quid pro quo on the agreement?

Shareholder - He wants culinary water, that's what he wants.

Don Fawson - He has suggested the possibility of having, an ability to be able to take one share or whatever of water and be able to put it into a cistern or something and pump it up to his thing. And he has also

suggested the possibility of us not protesting if he were to drill a well, those kinds of things. Basically, we've left it at that. We want to get our attorney in place. We'd like to get some of this research done.

Shareholder - On the uncontested well drilling. Are there constraints around that size of well and what it would do?

Don Fawson - I don't know. He has just suggested in a year or two or whatever he might drill one up on top, to be able to supply that if he wasn't able to get it anywhere else.

Darryl Lewis - Have we severed our Relationship with the attorney in Salt Lake.

Don Fawson - No, no, we have not... One of the things that I wanted to mention, and this surprised me. LDWA has a very small Interest in the spring, the majority of it is the irrigation company. We work with them to allow us to be able to pull spring water out of the spring and then subsidized some of their water loss through pumping into the irrigation system. We're working on that process right now, but we don't have complete access to that spring without their help.

Shareholder - So what is the irrigation companies doing? How are they dealing with this gentleman Jason?

Don Fawson - They're not.

Kurt Allen - I don't think that they are at this point.

Shareholder - and the reason behind that?

Kurt Allen - it's our intent to get with the irrigation company and talk about this. We haven't had a chance to do that, so we don't know what the irrigation company's position is. We can't speak for them. I don't know.

Shareholder - So just a what if, the irrigation company says we're not going to give you anything, Jason. We're not going to pay for that right away and we're not going to give you access. We're not going to do any of that. Our 20% or whatever comes out of that spring, is that going to be affected by that? If they just say, no we're just going to keep with our right? He's like no, we're not doing that.

Kurt Allen - No, they're separate, totally separate from us and we've got a certain amount of.

Michelle Peot - It is all coming out of the same aquifer.

Kurt Allen - You're right, Michelle. If there's not wet water, you can't split it up in any way. And so, if the wet water is there, then we have the rights to provide a share if we would like to, to obtain this easement.

Bill Hoster - The consideration is the point though. If the Agricultural water determines that they don't want to play with giving up that portion, then your ability to negotiation kind of shifts. Because he's looking for the culinary water to be over that. If they agree to it then you're good, and I think the point is that if they don't, then what?

Kurt Allen - He'll drill a well.

Shareholder - if they just say no, we don't want to drill this and we're going to contest that well or we're going to contest whatever is up there and make it difficult. I'm not saying they would, by no means. But just if they did that, how would the water company go against that? if we don't have all the rights to that spring,

Don Fawson - Those are things that need to be looked at, but they're kind of unknowns right now. In other words, we're kind of trying to make decisions on things that we don't have the background on to even worry about in a sense. I mean, not worry about it, but we don't need to be creating problems that maybe don't exist at all. So again, we need some people to sign up at the end and help us kind of look through all of this to be able to get the best possible solution to this situation.

Shareholder - It seems that you all need to be the ones to reach out to the irrigation company and start a dialogue with them. Early enough, that we can establish the rules.

Don Fawson - You are right. And we are planning to have a meeting with them anyway, just to kind of talk about what's happening this summer with water allocation.

Ralph Rohr – That’s where you need an attorney on all of these types of things because it gets pretty dicey. I can't imagine the irrigation company behaving in an adverse fashion. I think it would be to their disadvantage to behave that way and go against the wishes of the town.

Don Fawson - You know, they've actually been very gracious this past year as far as water is concerned. So, I think our starting point with them is, Collegial. And if it moves into something more than obviously, we could get attorneys involved. We hope we can just work it out that way.

DISCUSSION

Eldorado Well and Eldorado tank

Kurt Allen - As you all know those that we're here at the last meeting, last month we the board made a motion and approved to leave the well and the El Dorado tank inactive at this point. And that's how it shows on the state records and until we have reason to activate that well and bring it back online and try to make something out of it, the wells going to stay inactive. We have gone up and with Mark's help, we've disconnected all Connection points to the system. We have cleaned up around the well site and we have capped any exposed pipes and plugged them and so the well site is secure, and it has no possible contamination to the system through open pipes or anything like that. And at this point we're going to leave that well inactive until till the board decides to bring it back online or try to do something with it. Any questions?

Michelle Peot – What other options then, are you exploring for redundancy, because that was the point of that Well.

Kurt Allen - We understand that and that's a real critical thing that needs to happen. We do need to have redundancy and we are pursuing drilling another well and having a redundancy in the system. That's got to be done, Michelle, we absolutely agree with you.

Mitzi Butler – If something has been determined as Inactive. That means you're going to use it in the future, and it appears to me there was some damage done up there with dismantling it in some form or another. That's not normal for just deeming something inactive. Usually, inactive means let's leave it alone for a while. Not start disconnecting things.

Don Fawson - I think one of the things that you need to know, was the intent was not to dismantle that well. It happened as a result of trying to improve that area. The well column fell down into the well because Whoever had secured the pipe originally had not put in the set screws that held it in place. We are in the process right now of working to remove that column out of the well and then we are also looking at having a camera so that we can go down in that well and take a look at it and see what's going on and then make some good decisions, hopefully from the result of that. The tank setup, the plumbing setup on that is really poor. There would have to be some improvements made on it. The water quality is not good, if it was for emergency, if you have no water and you needed to drink something, you drink it. But the amount of mineral and things in that, and then it's turbidity, and not only that but the recharge rate on that well is really poor. So, it will draw down and then become unusable after a few days of pumping. There are some real serious problems with it. We recognize that but, we are trying to move forward in a positive way.

Kurt Allen - I might add that. Engineering wise that well and tank cannot coexist with our current system, without having some kind of booster pumps or something put on it to increase the pressure to be injected into our system. It will not run in by gravity out of that tank, the Eldorado tank, into the system it just is not possible.

Don Fawson – Yeah, it is not enough pressure there. The other thing is, is that the way that thing fills is from the bottom. It should be filling from the top with an air gap inside as part of this cross-connection program. It is not. It fills from the bottom and empties from the bottom, same pipe. Which engineering wise I don't understand how that ever got through, but nonetheless, like I said, there are things that we need to look at in order to make that functional. We hope and I think all of us hope that the time will never come, that we

are in such a dire situation that we have to actually tap into that well. But in the meantime, we are looking at trying to come up with redundancy.

DISCUSSION	Will Serve Letter
<p><u>Kurt Allen</u> - There's an action item that we need to take care of as a board here tonight. There has been a request for a two-lot subdivision to receive water from LDWA, it's a seven-acre parcel located north of the fire station on Main Street. The request is for us to provide a will serve letter for that entity and the board has talked about this, you can see here, the will serve letter that has been drafted to provide two services for this seven-acre parcel.</p> <p><u>Don Fawson</u> - We have discussed this. It is within the guidelines of the bylaws. In the bylaws it says anything above three homes, people have to bring water into the system. Does that make sense? So, if you have a subdivision that's four lots or whatever, then they have to bring water, otherwise you we serve them just the same as we would any other lot in town that somebody wants to build on.</p> <p><u>Alan Roberts</u> - Will you clarify something for me, Don? How can you have more than one service on one parcel?</p> <p><u>Don Fawson</u> – It's been divided. It's subdivided. it's been properly subdivided.</p> <p><u>Alan Roberts</u> – You didn't say that you just said 7-acre parcel.</p> <p><u>Kurt Allen</u> - I apologize, sorry about that Alan</p> <p><u>Don Fawson</u> - That was to confuse you.</p> <p><u>Darryl Lewis</u> - Could you tell us the location of the bylaw that that specifies less than three homes?</p> <p><u>Don Fawson</u> - I'll get with you after because I have to spend some time getting into the bylaws. I will be happy to after.</p>	
VOTE	MOTION TO ACCEPT THE WILL SERVE LETTER: Kurt Allen SECOND: Sharon Johnson MOTION APPROVED: Unanimously

DISCUSSION	MAPPING APP
<p><u>Kurt Allen</u> - There's a. Mapping app that we all use as board members and Mark uses in the field operations It's called explorer. I don't know if any of you are familiar with that or not. It's a real nice map that shows our water system. Explorer is a large company. This app actually shows our water system in Leeds, and it shows the pipe sizes, it shows the route that it takes. It is a very help mapping app that we use on our phones. Currently we're sharing the rights to this app. We would like to make a motion at this time that LDWA actually owns their own rights to it, so that we don't have to deal with other entities to share the mapping app. I'd like to make a motion that we purchased this explorer app so that we have control over it and access to it here in Leeds.</p> <p><u>Sharon Johnson</u> – Do you know what the price is on it?</p> <p><u>Kurt Allen</u> - Approximately \$700.</p> <p><u>Sharon Johnson</u> - I second it.</p> <p><u>Shareholder</u> - How many licenses does that get? How many users does that purchase?</p> <p><u>Don Fawson</u> - I don't know if there's a limit to that, but it's not something that we want to have everybody in the town to have access to. It needs to be proprietary, for the security of the water system. It's not something you want the whole public having access to.</p> <p><u>Bill Hoster</u> - Is it something that can be added to? You add data to this.</p> <p><u>Don Fawson</u> - Yes and that's the problem. It's a living document. We have depended on an engineering firm to kind of put our peace in this thing. The problem with that is that they're not always available and then they must come out and mess with it and it costs us money. So, our feeling on this is, as mark and Kurt, and I have gone around, we've, see discrepancies in that mapping either because it's not updated or because it's just</p>	

wrong. And we want to be able to create an actual as built map. That it's shown like on Google Maps. Of all the piping and everything else is just critical, not only for us to know, but for future board members and so forth to have access to that.

Shareholder - Is \$700 a one-time fee.

Don Fawson - It's yearly.

Darryl Lewis - And if we were to have our own, would we need a computer programmer to work that program?

Don Fawson - I don't think so. I mean, obviously, we'll check all that out.

Darryl Lewis - You may not think so, but is that reality? Do we know that for a fact?

Don Fawson - I think basically Darrell it is based on the skill level of individuals that are willing to work with this and the time and energy they're willing to spend on it. There is someone on the board that will be able to function within that system, yes.

Michelle Peot - I just want to note that you can convert that file because it is RJIS format. If you converted, it into something like GPS then you could use much cheaper software to use that.

Don Fawson - It would be interesting for you to talk to us on that, and maybe you'd be willing to help set that up. This purchase has not been made at this time. If there's something better out there than we're perfectly willing to look at that and we appreciate people with expertise to be able to help guide us on those things too.

Shareholder - Just kind of a side question related. We're talking \$700 this year and we're paying insurance. We're paying attorneys, I mean, are we still managing to pay our loan and at some point, are we going to end up having to raise our rates to start covering all these extras, you know the extra Expenditures?

Don Fawson - The point is we're paying the engineer to take care of this anyway. I don't know what they've paid in the past for this to be updated. The update has not happened for at least a year or so. So yes, we're able to do that. We've been paying double the loan payments. Probably not going to happen this year, and part of that is because there are some things that we need to address right here on the ground. The other thing is, is that part of our responsibility to that loan is coming up with a second water source and we need to do that. And by Hurry up and pay this off. All we're doing is coming to the end and not complying with the loan. So, we need to be able to buy some time. But we have plenty of money to be able to pay the loan payments on a regular basis. Are we ever going to have to raise the price? Probably. Yeah. I mean, everything else is going up and the answer is yes.

Shareholder - That's life. But it's still better than Saint George.

Don Fawson - Yeah, exactly. And we're certainly not doing that lightly. If in fact, then we will come to the Shareholders, you know, before we do anything like that so.

Bill Hoster - If it can make your job easier for less money, you gotta do it. That's what I think you come to conclusion.

Don Fawson - The piece of this is Bill. If she can go back and duplicate all the stuff that's already in the system some way, and maybe it's really easy to do that, that would be wonderful.

Michelle Peot - How about I show you how you can do it and then you guys can do it.

Don Fawson - Well. At that point, we're going to have to make that decision as to how much work that's going to take on our part cause, we may just say no.

Michelle Peot - I understand that it's a lot of work and you guys are volunteers, but I didn't run for the board and I do have a full time job and I feel like I've been contributing a lot and when we continually hear like, Oh well, that would be great if somebody else could help us do that, then my question is, why did you run for the board?

Don Fawson - Because there is plenty to keep us busy without doing that stuff, and I guarantee you and it's not as if we aren't putting time and effort into this.

Michelle Peot – Well if you want to pay the \$700 for the program that’s fine. I'm just saying that I have spent a lot of effort providing you with information, but then, as a board member, you would think that you would read the documents that are available for you, to the board, on the website as well.

Don Fawson - You know, we could talk about that after Michelle. I think that the whole point here is, we're trying to find balance with this whole thing. All I'm saying is that at some point in time, expenditure of money as opposed to expenditure of time, maybe the best decision. I would really appreciate your expertise, I wished I was as smart in that area as you are, but I'm not I just don't have that qualification.

Michelle Peot – Ok that’s fine.

VOTE	MOTION TO PURCHASE THE EXPLORER APP: Kurt Allen SECOND: Sharon Johnson MOTION APPROVED: Unanimously
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DISCUSSION	Fulltime Professional Water Management
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Ralph Rohr - One of the recommendations we've been considering Just because, I really feel for you? Trying to take up at this point now we've lost two people and trying to cover all this. I would hate to be in that position, I think it's very difficult for you. One of the recommendations that I think should be seriously considered. Is for us to higher, at least part time and possibly full-time professional Water Manager who can do all those sorts of things and have Knowledge to do them. So that each lay member of the board doesn't have to learn all this new technology. I mean, it's just overwhelming particularly at our age. So that's one thing that could be a big help. If you want to spend money, let's spend it on expertise, that will relieve the Board of the nitty gritty of what's going on. And then again regarding expenses, remember this, 7 to 8 years from now the dollar will be worth less than half what it is now. So, these kinds of numbers we just have to keep in perspective.

Don Fawson – We Agree with that, we're hoping that Larry can actually fill part of that role. And when you talk about hire an expert, most experts that I know of are pretty expensive experts. And we have experts in the form of - we have people that are managing payroll, we have people that are managing the finances, we have our attorneys, we have our insurance experts, we have you know on and on and on. We also have access to things like the Washington County Water Conservancy. You may not like to hear that, but they have some expertise down there, which they're willing to share with us and that kind of brings us up to this next piece here. So, I appreciate that, Ralph.

Kurt Allen - May I add also that we have got the best Water Operator available in southern Utah in Mark right here and we want to make sure that we recognize him for that.

Don Fawson - Yeah, exactly. Keep him happy. And Mark, I'd like you if you would just to take some time and just kind of talk about the water main break up here and testing and so forth.

Mark Osmer - We passed all our Bact’s this month. We've been keeping an eye on the chlorine levels, sometimes you put one pill, sometimes two, sometimes you don't need any, but as the water usage goes up, we need to put a little bit more in. There were a couple of leaks on some PRV that we fixed. We're working on some service lines, on the old service lines because they can go. So, we're replacing them before they actually break. And then the breakup on North Main Street was actually water Conservancy It was nothing to do with us.

Kurt Allen - Thank goodness.

Mark Osmer - Yeah, it broke on the east side and then it tracked down and it blew up the ground on the West side also. So, I think talking to the Water Conservancy, they're not even going to bother repairing the pipe. They're just putting the road back together. I think they are paving tomorrow and then they are going to figure out what they're going to do with that pipe because it keeps failing all the time. That's what the Water Conservancy guy told me. So, it's out of service for the moment.

Don Fawson - One of the things I just want to mention to, we had the opportunity of meeting with one of the state people that was involved with the Division of water quality, and we just talked to them about chlorination. And from their point of view, we need to have this looked at because they weren't sure that we even needed to be chlorinated. So, we will be checking that out, and pursuing whatever we need to do, and we probably need to be doing something different than we're doing right now. So that's just another piece of this whole thing that we want Larry to get involved in and pursue and see where we need to go with this.

Ralph Rohr – Is it possible for Interchange of information and Documentation with the state, there should be a folder of some kind for the collection of the data so that someone comes along later saying what all happened, not depending on memories.

Don Fawson – Yeah, there is, and Layna keeps track of this and filing the information so that it is there.

Shareholder - Circling back. About what Ralph was talking about looking into a manager, a full-time manager. Maybe not the water Conservancy kind of expert but that somebody can look into it possibly in having a manager that can oversee some of these problems that are occurring now and that could occur in the future that would know how to handle them. And as a board then you could be overseers to ensure that person is doing the job that they should be doing versus in a year or next month or something like that, and other board member. You know, decides to resign. Then you have to bring another one in and just keep on adding and adding where you're not getting any jobs really completed your just playing catch up the whole time. But if you have somebody that can do that, a lot of this, that you guys as volunteers who have lives to, this person's job would be to handle those things.

Don Fawson - That's a good point, I would agree with that. That would be just a beautiful thing. And I guess we could put out feelers on that and see what we could get for whatever price we're willing to put out there and then we can decide whether that's going to fit into our budget or whether we need to raise water rates in order to do it. Maybe that's what is the best thing. I don't know.

Shareholder – Ralph hit the nail on the head, It's all about continuity. I think that would make all of your lives easier and probably make us sweat a little less knowing that there is this constant.

Ralph Rohr - There may be people available, there's a lot of talented young professionals who are losing their jobs these days for various reasons in the economy would like to have a job and might even like to live in a place as nice as this. So, there may be people available with headhunters to help us find them.

Don Fawson - Their maybe, and my experience on the fire department was this: We train people as firefighters, and then they became trained and moved into another place. Have you got a city manager right now? There was a time we had a city manager. Why is it we don't have a city manager?

Shareholder - You want me to answer that? I'd be happy to answer that for everybody that's in this room. Because people in Leeds weren't willing to fund it. That's why.

Don Fawson - OK and I guess that's my point too. That's part of the whole equation, the fact that it does cost money. So, that's kind of where volunteerism comes in. And that was one of the things that kind of happened with the fire department before we moved into the district. The fact that volunteerism just went South. And because of that, then we had to move into a more professional kind of larger group thing.

Kurt Allen - It's my opinion that we are already 90% there by hiring Larry Bruley as an Employee to oversee the functions of the water company.

Shareholder - Other than times he has been on the board and him taking this class. What are Larry qualifications that make him an expert in this.

Kurt Allen - His career as a developer, His whole life he's been dealing with water companies and water and he understands water. And between Mark and Larry, I think we've got an A team right there, that can handle anything and make the right decisions.

Shareholder - I don't think it has anything to do with Mark's ability, or maybe even Larry's ability to do things in the field and take care of those kind of problems. I think Don made more of a point than what we said: look

at the fire department, we had all these volunteers and then we trained them and then they left. Next thing we know, we have no volunteers, we have no fire department. It could be the same thing with you guys in the water department.

Don Fawson - The point I was trying to make was not particularly that same track. It was that you train a water manager and then the water manager knows there's places to go, that they move on. So, you wind up training the next person that comes in. The point that I think is that we need somebody that's local that understands this system. And you know, obviously there are global kinds of things that we need to be dealing with. I hear what you're saying and it's not that we philosophically reject that, it is not. But I think that what we're trying to do right now, Larry is cross connection trained so he has that piece. That's what the states requiring right now so we're going to pull him in on that and then see what else he can do. And then if we need to move more out of that area, then we'll do it.

Shareholder - Is Larry doing this as volunteer or is he being paid?

Don Fawson - Yes, He is being paid.

Shareholder - My point is, if we're not going to get a Water Manager, perhaps we can put something in our bylaws so there's a mandatory period of time for the new board. The old board must sit down together and work together and bring each other up to speed. Because from what few times I've come to the meetings, there's some kind of fighting going on between old members and new members. There's been some kind of conflict and the new information does not get passed on. I think we need to put in the bylaws that there is a mandatory training period between the two boards to at least get us over that period.

Don Fawson - That's a great suggestion. One of the goals that I have at least during this time that I'll be on the board is to look at redoing some of the bylaws because I think there are things that we can improve on. And I think that's an excellent suggestion.

Kurt Allen - I agree

Michelle Peot - On that topic. Everything I notice is that it's very kind of high level with what the tasks are for the board, and it's more focuses on things like signing checks and approving things. But there isn't the kind of accountability piece for who's responsible for ensuring clear water supply, etc. And I think having those expectations written in the bylaws would then help as far as elections go and whatnot and people committing to be board members to understand what their expectations are. Because it seems like some of the resignations were due to not having realistic expectations of what their role would entail.

Don Fawson - Yeah, and in the case of these two, it wasn't realistic expectations of what their role was, it was the amount of time their role was going to expect out of them. They're both very confident people that could have stepped into this. But I think you're right that the problem with putting down expectations for this particular board member, that particular board member is and people voting on that is the need to change from time to time. So, I can see where we need to have a statement at the election time prior to that. So, people may start thinking about it, about what we need. What is it that we need on the board right now? And I think we can do it in that way and put that in the bylaws where that's required to actually start posting that a month ahead of time or something like that prior to the election.

Ralph Rohr - Again. I may just circulate back to a Water Manager, to hire a professional person. I'm not talking about somebody who knows necessarily a lot about water to begin with. What I am talking about is someone who knows how to organize and administrate an organization. That's what we had before, Elliot Sheltman didn't know squat about water and he was able to establish and ran the pipeline, Rebuilding. He was able to establish a lot of practices and run them. He ran into problems personally, let's put it that way.

Shareholder - Power hungry.

Ralph Rohr - He had skills and he exercised them, and I think that's the sort of person we need, someone who can organize things and operate them as a good sound business.

Shareholder - And then pay for it.

Shareholder – We had a Water Manager a few years ago and the town of leads or the budget did not allow for it, and they got rid of him. He lived down the street.

Shareholder – We are paying Larry.

Kurt Allen - OK. Folks. Folks, here's the deal. We need to move on. What you're talking about isn't a board decision. This is a shareholder decision and if you folks would like to see us put on a full-time manager then we could certainly vote to have that put in the budget.

Shareholder - I think you have to design A job description. It was a question about Larry's qualifications. I don't know what a water manager does, other people might. But I think if you design what do you need? What is this job description, this permanent person who's not going to be subject to election. He's just going to be subject to rules of employee.

Don Fawson - Yeah, we'll work towards that, we will work on that. I want to turn time over to Sharon for our financial report.

Treasurer's Report [Sharon Johnson]

TOTAL ORDINARY OPERATING INCOME IS:	\$64,321.40
TOTAL ORDINARY OPERATING EXPENSES ARE:	4,373.03
LDWA'S NET GAIN THUS FAR IS:	(6,394.12)

The loss is due to unbudgeted expenses, possibly (i) recent dismantle of Eldorado Well \$6,339.96 (ii) 2022 legal expenses for Sheltman matters \$6,164.00.

The LDWA's Banking Accounts Stand at: (04/20/2022)

CHECKING ACCOUNT:	\$10,793.20
EMERGENCY REPAIR & MAJOR PROJECT RESERVE	\$294,073.61
DDW LOAN #3F138 FUND	\$28,467.93
IMPACT FEE ACCT	\$14,581.73
SAVINGS ACCOUNT:	\$340,436.04
PAYCLIX DEPOSITS FOR THE YEAR	10,184.01

16% of shareholders are using Payclix. (66 out of 411)

Alan Cohn - is there a place we can see the breakdown, the operating expenses, you know what they all go for and everything.

Sharon Johnson - We usually give that out at the annual meeting and have the breakdown of it.

Don Fawson – Is it on the website?

Sharon Jonnson - The breakdown it's on the QuickBooks.

Ralph Rohr - We had one from the last annual meeting.

Sharon Johnson – We handed them out at the last annual meeting yes.

Shareholders comments

Ralph Rohr on Water Conservation Plans

Ralph Rohr - Pretty much we can be a real pacesetter in this. I started by going to our local authority, Washington County Water Conservancy, I thought they could surely help me and I talked to a person down there, and she assured me that they were working on a plan. I said can I see a preliminary of what you're doing. She said we don't have a preliminary plan, but we just recently hired a consultant. So that's the extent of what the Conservancy is doing. They've hired a consultant. She recommended to me that I talked to the State Water Department on their plan for water conservation. I went to the site and the PDF that she

recommended to me. They have a 45-page bureaucratic document that has nothing specific at there to do. So, the state wasn't any help.

Michelle Peot – I actually have a spreadsheet from Hurricane, there was a checklist and there's a spreadsheet with action items and I know somebody from hurricane, from the Planning Commission, and there is an actual listed floating around for water conservation. And I know Ivins adopted all of them and hurricane was going to adopt them.

Ralph Rohr - I haven't gotten to Ivins yet. I'm going to, so I did check on some others. Ivins is one that they have put a plan in place with all new construction. You're very limited to how much grass yard you can put in. If you have a 2000 square foot house, you can use 8% of that square footage for your grass yard, which means you could have a grass yard of 160 square feet. They've got various other new construction measures. Nobody has a schedule of what they do. According to the severity of the drought. The only other place I checked with was Phoenix, AZ since they're a big city, and they also have a long document which you can obtain in their linkage, and they have a schedule that they use to establish measures to be taken during drought restrictions. Santa Clara was probably the most detailed and forward looking of our local communities and maybe as you say, Michelle, Hurricanes involved in that too. I didn't specifically see what Hurricane had. At any rate the road is wide open for us to set precedents. We don't have any restrictions or constrictions as in what a place like Santa Clara has done. And the Water Conservancy has hired a consultant.

Michelle Peot - So this is the list I got from Hurricane.

Kurt Allen - Michelle, would you mind staying up here and explaining that I don't think it's fair to have Ralph explain it.

Ralph Rohr – I saw some of this, we're talking about hot water recirculation systems so that you don't run water to get your hot water,

Michelle Peot – This is the full proposed list, but some cities are just implementing a subset, but Washington County Water Conservatory has been circulating this list.

Ralph Rohr - The only problem is this doesn't give specific steps to be done at each stage of the drought. These are very general things about hot water circulation was interesting, limit the irrigation area so that's what Ivin's is doing well, insisting you can get 160 square feet of yard on a 2000 square foot house. Water sense label fixtures, Energy Star appliances, Recycle pumps at car wash facilities. There is a lot of attacking of the commercial use of water and the car washes are being prohibited now. Despite quick quack down River Road, they're being prohibited here in Saint George is what they're trying to do. Whether or not that's fine or not, I don't know. And they're limiting commercial misting systems. So, all these are part of things that have been undertaken by places like Santa Clara and I guess Hurricane too, which I didn't know that they were in that situation.

Michelle Peot – Yeah, But to be honest, our water situation is so grim right now that I don't know that we should because if you cycle through the phases of drought, and yeah that might make sense for Irrigation water or whatnot, But if we don't put these conservation measures in place, I mean the levels of Lake Powell are very low and I don't think it's realistic to say that our aquifer's are going to last forever, so it would be in our interest to conserve what we can and I know with regard to water rights in Utah, there has been legislation put in place that, for example, it's not use it or lose it like it used to be for irrigation water. So, I would like to see us implement some of these measures sooner rather than later, just to ensure that we have continuity.

Kurt Allen - We agree

Ralph Rohr - It's wide open. We can do whatever we think is best to guidelines out. There are few and rather general.

Don Fawson - I think you know part of that bill comes under the city and the city codes and whatever the city decides to do as far as building permits. Those kinds of things. There are other things that can play into this I've seen, you know, in California, they had this idea that shower with a friend. That was serious, but that was California. But the other piece of that was letting you know, watering lawns on opposite days, or maybe once a week, or if they saw a lawn that had green on it you were fined. So, there were those kinds of things that were going on down there.

Shareholder – This is the desert we don't need lawns.

Don Fawson - Yeah. Yeah, that's the whole point. I know St. Georges has restricted further golf courses, and I think they're trying to use wastewater, recycled wastewater to water some of these things.

Ralph Rohr - I checked with people I know up in Vail. They've lived there for generations and Vail has a strictly limited number of water taps. They're all owned. If you want a water tap in Vail, you've got to go buy it from an individual. And I don't know if we have a similar limit on water taps in this area, but that's something that might be considered in conservation.

Don Fawson - At some point in time it possibly could happen. There was a time in town when a gentlemen built a house down here on Main Street. The city had given him a permit, he went ahead and built the house, but he didn't get a tab from the water. He did not have a water tap for three years. He just ran a hose to his neighbors and ran it over into one of his outside taps or by his house over there and the water company kind of winked at that. But what I'm saying is that it's a possibility, it could come to that, but we're not there yet, thank goodness. But anyway, what I'm saying is that the city could also look at making sure that there are water conservation plants and things, the Water Conservancy District has this demonstration garden down just West of their building out there, which has some pretty amazing plants and things in it. We used to have grass all around our house and bushes and everything else, so we took them out and put water tolerant plants in and that kind of thing. We do have a little lawn in the back, but that helped a lot with our own personal property. So, there are there are those kinds of things they're looking at I know, in some of these big cities particularly, they're looking at doing away with mediums. You can't have any kind of plants that you need to water out there.

Shareholder - You could stop building and that would be half the problem right there.

Don Fawson - Yeah, I think that as we look around, I think we can all agree there's some insanity involved with the amount of growth that continues to be allowed, but we don't have any charge of that. So, we just have to think about things we can do. Yes, Wayne.

Wayne Peterson - Just to be fair, relative to the conservation efforts, we did have a presentation at Town council in 2021 from Zach Renstrom. He'd gone to every single municipality in Washington County. They were focusing on new construction and limits to things like the amount of water you had, allowing people to trade off if they wanted a swimming pool, they would have less area that could be planted to a lawn, and try to get it that new construction was a lot more water conservative with respect to their usage. The other thing that they mentioned with commercial is they wanted to make sure that there were consistent rules across the county because they didn't want every car wash to end up in the one municipality that decided not to encourage commercial conservation of water. So, I just don't think it's fair to say that they hired a consultant. They've been out meeting with the community. They've got a job trying to get people to work on a cooperative basis because if it's not cooperative it's going to become competitive and when it becomes competitive, you're not going to have conservation.

Don Fawson - very, very good points, Wayne, appreciate that.

Shareholder - When you're talking about this conservation you have to understand how LDWA operates. We deliver water based upon a 20,000 gallon per month usage of the homeowner. And I would venture to say that a relatively high number of residences don't go over the 20,000 gallons very often. And I don't know how you go to a homeowner who actually buys at this moment in time, 20,000 gallons for \$40 and he or

she, or they use 10,000 gallons. I don't know how you go to them and tell them that they have to cut down their water usage if they're only using half of what they buy already.

Don Fawson - Yeah, and I don't know what condition we have to get to before we start doing that. The way to control usage is through extra charges, and that's another conservation method that some cities have used. It is just raising the cost, maybe reducing the minimum to 10,000 and then going up from there or whatever. You know, when we first moved to town, it was 40,000 gallons for \$5 a month and it's gone up considerably since that time.

Shareholder - All these conversations are going to have to go before the full association. And why we're having this conversation about conservation when we know that the way we deliver water, conservation is not a major issue, and we know that the state has a use it or lose it philosophy going on. People say they don't, but I talked to state officials who say, yeah, practically it's there. Officially, no, we can't do that, But it's there. The Point I am making is, you can't go to people who are using 50% of the water they're paying for and ask them to change their lifestyle to cut down.

Don Fawson - Nobody said that we were.

Michelle Peot - Maybe you could introduce that for example, if we say we need to raise water rates in conjunction with hiring a water manager to ensure continuity to your water supply, then you could potentially revamp the tearing at the same time.

Don Fawson - The interesting thing about this whole thing too is that the water company depends on income from water usage. So, you can slit your own throat at some point, unless you're raising the rates and at that point, who are you hurting the most? The poor. And so, you know, it's kind of this catch 22 that you find yourself in if you consistently push people to use less water and your income goes down, then how do you pay for the resources? So, you have to raise water rates and then that kind of trickles down to.

Michelle Peot - there's a lot of wasteful water practices that if we were to be more mindful about water usage, you're not inflicting things upon people per say. It's like, don't leave the water running while you're brushing your teeth, I mean it's that kind of stuff.

Don Fawson - Right? Absolutely. And that's part of what Larry is going to be doing to, is education. That's one of the things that's required under this cross-connection thing is education and what they found at least in the articles that I've read relative to this, is that that produces the most benefit, and not only that, it does so without being dictatorial, if that makes sense.

Don Fawson - I really appreciate all of you and your comments and what you're willing to share and contribute to the water company. At this time, we'd like to make a special thanks to Layna Larsen for stepping up during a difficult time and helping us transition. Thanks to Doris for her unselfish willingness to train both Layna and Sharon on billing and other office requirements at the behest of the board. I'd like to thank Sharon for her extra mile effort working with Karen on LWDA financials and supporting Doris and Layna. I'd like to thank Karen Markovich for her years of professional service to LDWA. I would like to thank Aaron for his leadership during challenging times both company and personal. I'd like to thank Phillip for his willingness to serve and insights that he shared. I'd like to thank Cheryl for her years of dedicated service to LDWA. I'd like to thank each of you as shareholders for your faith and trust in us as your board to protect, improve, and move LDWA forward in a challenging time. And I'd also like to thank those of you who are willing to volunteer. For your help in helping us to do this.

Don Fawson - At this point in time. Is there anything else that you wanted to share with us at this point?

Ralph Rohr - Did you mention you had a couple of Examples of backflow devices.

Don Fawson - Oh yes, I brought one. And the reason is because the other one is a little more complicated at this time. So, to share one thing, this is required for all outside taps. It's basically a backflow preventer, so once your water shut off, it will break the seal in here and just water will dump out of here and out of your

hose. So that it's not being sucked back into the system if there's some kind of reverse vacuum in the system as a result of a water main break. And this is more for protection for your home because you can create situations where you can actually cause a back flow into your system and contaminate your own water system. I picked this up down at Home Depot, it's about \$7 I think for each of these. It does have a little screw on the side and the screw is kind of cut out in the middle. So, you screw this on your tap tight and then you screw this screw down and it breaks off. So, it's in a sense a permanent device. So, the kids, the grandkids, and all the fathers who get frustrated can't back it off. I'll just leave this up here if you want to look at it. It's a real simple thing to do around your house.

Sharon Johnson - I would just like say, I looked up on my phone on Amazon as well. And they're available on Amazon. It's a lot cheaper to have them bring it to you, the \$7.00 on Amazon than to go down there with gas prices as they are. Let them deliver it to you.

Don Fawson - I just wanted to read a final statement if I could. Because of the challenges we face as water becomes more and more precious, and perhaps a rare commodity. It is important for us to work together. Sometimes you may feel that if the board doesn't agree with your point of view, they're not listening...

I don't know if you've ever in a in a relationship with anyone, a friend or whatever, where you've had a discussion that maybe you didn't agree on and the other person accused you of not listening because you didn't agree with them. That is not necessarily the case. We have to make decisions based on the information and history we possess, while keeping the best interest of the water company foremost in our decisions. Everyone's divergent Point of View can be considered, but not always accommodated. And we invite you to work with us in this most important effort in these very challenging times. And I thank you again for coming tonight. And please feel free to contact us on individual basis if you have something you want to share. And again, if any of you want to volunteer, just kind of say hey, look, I've got this I'm willing to do, or I have this expertise, or whatever that I'd be willing to share, and that doesn't mean that we're going to expect you to share unlimited time. Anyway, we'd really appreciate it. Thanks so much. Darrell, I have that if you want me to show you where that is by laws, I can find it for you.

ADJOURNMENT :: [08:50 PM DON FAWSON]

Layna Larsen

Layna Larsen, Corporate Secretary



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors
Wednesday, **May 18, 2022** Leeds Town Hall,
located at 218 N. Main Street, Leeds, UT 84746.

1) Call to Order

- a) Roll Call
- b) Prayer
- c) Pledge of Allegiance

2) Announcements

- a) Consent Agenda
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports

- a) President's Report
- b) Operations (Field) Report
- c) Finance Report
- d) Administration Report
- e) Shareholders Comments:
No action may be taken on a matter raised under this agenda item.
Shareholder must step to podium to make comments.
(Three minutes per person).

4) Roll Call Vote to close meeting



Leeds Domestic Water Users Association (LDWA)
1901 Silver Reef Drive | PO Box 460627 | Leeds, UT 84746
Phone: (435) 879-0278 | E-Mail: LDWAcorp@infowest.com | Web: ldwacorp.org



Minutes

DATE/TIME/LOCATION:	May 18, 2022 7:05 PM Hybrid Meeting: Leeds Town Hall
TYPE OF MEETING:	Monthly Meeting of the Board of Directors
NOTE TAKER:	Layna Larsen
ATTENDEES:	Members/Staff: Don Fawson (P), Kurt Allen (VP), Doris McNally (IT), David Stirling (Board Member), Mark Osmer (Field Mgr), Layna Larsen (Corp Sec) Shareholders: Steve & Tina Dyroff, Robert McNally, Darryl Lewis, Alan & Susan Roberts, Ralph & Angela Rohr, Jennifer Lefler, Susah Savage, Larry & Julie Bruley, Alan & Susan Roberts, Darla Rex, Karen Cherry Reposa, Aaron & Erionda Bateman, Danielle Stirling, Elliot Sheltman, Ron Cundick

Agenda Topics

I. CALL TO ORDER [Don Fawson]

CALL TO ORDER	Don Fawson @ 7:05 P.M.
ROLL CALL	Present: Don Fawson, Kurt Allen, Doris McNally, David Stirling, Layna Larsen

II. PRAYER [Ralph Rohr]

III. PLEDGE [Darryl Lewis]

IV. AGENDA CONSENT & PRIOR MEETING'S MINURES APPROVAL [Don Fawson]

VOTE	MOTION TO ACCEPT THE CONSENT AGENDA: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Unanimously
DISCUSSION	ACKNOWLEDGMENT MEETING NOTICE WAS POSTED: Layna Larsen verified she placed notices inside and outside of the Post Office.
VOTE	MOTION TO APPROVE THE AGENDA: Kurt Allen SECOND: Doris McNally MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE PREVIOUS MONTHS MINUTES: Kurt Allen SECOND: David Stirling MOTION APPROVED: Unanimously

V. OFFICERS REPORTS:

PRESIDENTS REPORT [Don Fawson]

DISCUSSION	Resignation
<p>Don Fawson – We are sad, but Sharon Johnson has submitted her resignation letter.</p> <p>I want to thank Sharon for her dedicated service. I know it creates concerns and questions and rumor when these things happen. This is what she said...</p> <p><i>Dear Board Members,</i></p> <p><i>First and foremost, I want to thank each one of you for the dedication you have for serving on the LDWA board. I never realized the time and effort that was needed to run this water company. I have a new appreciation for this. It has been an absolute pleasure working with all of you. Unfortunately, due to family issues, I must resign from the board. I was hoping to finish out my elected time, but I no longer will be able to serve.</i></p> <p><i>I am very pleased with the direction that LDWA is heading. I know it is extremely important to each of you to see this company succeed and continue to deliver clean water to the shareholders. I am very happy with the office and field personnel. They are wonderful people and do an amazing job. I want to thank each of them for a job well done.</i></p> <p><i>Thank you again for the opportunity to serve.</i></p> <p><i>Sincerely,</i></p> <p><i>Sharon Johnson</i> <i>This was Received 5th of April</i></p> <p><u>Statement Read by Don Fawson</u> - I know it creates concerns, questions, and amount of rumored father with board members resign. But when three members resign in a two-month period, it is not only a cause for concern, but raises very red flags especially for those with deep concerns for the success of LDWA. And believe me, we who remain are well aware of that. I've shared each board members letter of resignation detailing their individual reasons for their decision. All were related to family, work, or other demands. I want to assure you that those of us who remain have been working extremely hard to create solid stability within the company structure. I believe the stability felt by each of these previous board members was part of the reason they allowed themselves to focus on other important things in their lives. I personally have enjoyed working with each of them and respect there decisions. I feel they have resigned knowing that LDWA was in good hands. This knowledge allowed them to leave knowing they could no longer give what time and attention was necessary to their board position.</p> <p>I would just say that if any of you want more information about these individuals' reasons for resigning, then I recommend you contact them personally.</p>	

DISCUSSION	Appointments [Don Fawson]
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Based on that and as annumerated in

LDWA By Laws: Article 4: Section 3:

In the event of the resignation of a Director, a temporary successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his/her predecessor.

We the board have expended effort to accomplish this directive and talked with a few shareholders who we felt might fit the needs of LDWA and were also in a position to devote the time and attention necessary for the tasks at hand and to stay the course. We are happy to announce that the board has interviewed and selected David Stirling to the the unexpired term vacated by Sharon Johnson. He will serve until February of 2023. David has an extensive experience in running a business, a great knowledge of water systems, and is a member of Leeds Irrigation Company Board. Some of you may not know we share our spring rights with the irrigation Company.

OPERATIONS FIELD REPORT [Mark Osmer]

DISCUSSION	Discussed what was accomplished this month
<p><u>Mark Osmer</u> - We passed our bacteria again this month, so that's good.</p> <p><u>Don Fawon</u> - Does everyone know what BacT is? OK. Why don't you just tell them what BacT was.</p> <p><u>Mark Osmer</u> - It's a test to test for Coli & Chlorophorm in the system. You have to take that once a month. We've passed that again this month. We had a couple of leaks on meters, so I fixed those. I've been putting double check valves, replacing those in the meter setters, because we have to replace so many per year or a percentage. We pulled the El Dorado well out. We pulled the pump and all the pipe and capped the well off.</p> <p><u>Don Fawson</u> - So, in a sense that well is in storage right now. So, Mark was able to do that using his equipment. We were very glad we didn't have to get anybody else in here to do it. And I want to say that, in talking to the state, these dual checks that are part of all the meter sets. The state was saying, you can't get the guts out of those. But Mark has made a little slide hammer tool and whatnot. It's been very successful in getting those out and changing them out, which has saved us a lot of money. We appreciate his skill and expertise, and ability to do all that. Thank you, Mark.</p> <p><u>Shareholder</u> - So why are we pulling the Eldorado? What's the reason for that?</p> <p><u>Don Fawson</u> - Because the pump fell down inside the casing.</p> <p><u>Shareholder</u> - And were you able to retrieve that?</p> <p><u>Mark Osmer</u> - Yep, I got the pump & the pipe. It was 85 feet down,</p> <p><u>Shareholder</u> - So it broke off from the pipe?</p> <p><u>Mark Osmer</u> - It broke off from the top. Whoever put it in originally didn't put the set screws in. It suddenly let go and went down to the bottom, Basically.</p> <p><u>Shareholder</u> - Your lucky you were able to get it out.</p> <p><u>Mark Osmer</u> - Yeah, so we made it all up, and pulled it out.</p> <p><u>Don Fawson</u> - Everybody said he couldn't do it, its amazing</p>	

DISCUSSION	State on Cross – Connection [Don Fawson]
<p><u>Don Fawson</u> – As all of you know. The State is requiring us to be involved in something called the cross-connection program, and we've hired Larry Bruley to be the administrator over that. And to begin to make plans for not only for education, but also for helping people finalize the projects on their own property that will help enhance the safety of our water system.</p> <p><u>Larry Bruley</u> - Let me start by tooting Mark's horn. What Mark was able to achieve was no shorter than miracle. He actually designed a tool to get down in there and get ahold of that pipe up at El Dorado, which was amazing. I had my doubts in the beginning, but he just kept working on it and he kept refining the tool.</p>	

He got it done. Steve and him and I went up there and basically pulled the whole thing out in one day. Once he got his tool figured out, got the camera down in there, the savings for the LDWA was huge. So, thanks again, Mark. The same with this dual check valve system. Because they did say that to us, you guys won't be able to do this. Even Chris Bull said to us no, don't waste your time just rip them apart and put new stuff on them. Well, once again thanks Mark. Mark had the initiative to look at it, and think about it, and try building tools, and he did. He created a tool that has saved once again LDWA a lot of money. He's got it down now. As a matter of fact, for the state requirements of 10% replacement on the dual check valves annually, we're going to be there in probably another week.

Mark Osmer - Another week. Yeah.

Larry Bruley - We'll be done for the year. So, thanks again, Mark. Excellent. Excellent work. The state in the Cross-Connection control program. The state is pretty liberal right now. We are two years overdue, actually. We were supposed to have this in place two years ago. They're not being Nazis about it. We haven't got any nasty letters. We haven't got any points, no fines, no nothing. They're being very nice about it. They understand that it takes times to put these things in place. Companies like Washington County Water Conservancy they are use to this. They're neck deep in bureaucracy, and they've got so many employees they don't know what to do. So, this is something that they can absorb pretty easily. It is a little more difficult on the smaller water companies. What they're saying, they're not asking us to play police with anybody. We're not going to. Nobody on this board, nobody in this town, is interested in hearing that. So, the approach is we have a sign-up sheet up here, voluntary hazards inspection. If you're curious, if you want someone to come and look at your property and see if we can find anything that's an obvious issue with cross connection, happy to do it. So that's the way we're going to approach it. We're not going to be trying to look over peoples fences, or pressure people into doing things they don't want to do. We understand and respect your property. So someday in the future, maybe the state will say, hey, we've got to get a little more forceful on this. But there's a lot of parts and pieces to getting this program running, and part of it is going to be policy, especially regarding new construction. Making sure that we know in the future that whatever you want to do on your property is fine. A meter RP, everybody covered, everybody is happy. You can do whatever you want to do and you're not going to contaminate anyone else in the town. And that's really what this is all about.

Don Fawson - The other thing that we asked Larry to do, is to be involved in the chlorination issue. I know you've checked with the state, and they've given you someone to work with or something like that.

Larry Bruley - Yes. I've been in contact with a couple different state engineers and our engineer, of course. Karl Rasmussen was the one who originally did a plan for this, it never got finished. So, Karl is right now communicating with our state engineers to see exactly what it's going to take to get us back up and running and get a plan that can be approved by the state.

VICE PRESIDENTS REPORT [Kurt Allen]

DISCUSSION	Funding
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Kurt Allen - Don's asked me to tell you and address a little bit about some funding opportunities that we may have. Yesterday I spent all day up in Tremonton in an 8-hour training course for funding opportunities and it was put on by the Rural Community Assistance Corporation and they had the Division of Drinking Water, Funding Director there. They had the USDA Funding Coordinator there and they put together a great program. With that said, we as a board have addressed the needs that we have in our water company. That we need to be looking at doing some improvements and to do those, we need to have the money to do so. The planning to do that, is necessary in order to apply for any grants or loans and that costs money. And so, the initial application, of course, will be to either the Division of Drinking Water or USDA for planning grant. They give up to \$30,000 in grant money for that process. In the process of doing this, we've got to have an engineer retained that can assist with the planning and then eventually prepare an engineer's report and then

of course, the engineer will assist in the applications and in the information that we need to give to these agencies. There are six agencies available that have money available. Maybe, all of you have heard of the American Recovery act, that's from COVID. It was approved in 2020 and there was \$50 million given to the state of Utah for that recovery act. The Division of Drinking Water is managing that money, and it's a five-year program and each year they will be allocated an additional fund to allocate out to water companies like ours in grant money. So, we're working on taking the steps towards that. We'll keep you informed each month, on the progress that we make there. But there's a lot of grant money available for the taking if it's just applied for it. Just an interesting note; the Division of Drinking Water has never turned down an application. They have always awarded either all or part of an application. They're probably the easiest process to get through. Then you got the CDBG and the USDA and they're a little bit more difficult. So, we're going to be working with those agencies and trying to put a plan together and a program together to where we can make some improvements in the in the water company

Don Fawson - Thank you. One of the nice things about him taking the time to go up, is that you network. So, who were you able to Network with?

Kurt Allen - Like I said, the Division of Drinking Water and the USDA both had their funding directors there. And they offered their staff to be available to us to help us, gave us all their contact information and offered to actually have one of their staff members come here to our Association and meet with us and evaluate the system and the application process and help us through it and make sure that we go the right direction. Another promising assistance, that we're getting a good result from, is the Washington County Water Conservancy District. They have assigned their funding person that they have employed full time, to assist us, and Julie Gillen has been talking with us and offering the help that she can offer as well. And so, she'll be real valuable as far as being able to take the right steps and do the right application process.

Don Fawson - Appreciate that, Kurt. So, one of the projects that we're kind of looking at right now, in this whole idea of trying to unify the water company and irrigation company just to make sure that we're not losing any water. Water coming down the pipeline from the spring is not necessarily all our water. But, if we can take some of that water and deliver it to the water company then they're not suffering the loss through evaporation and it's soaking in the ground. What's been happening in the past is when our tanks are full and some of that water spills back down into the lower creek so it's lost to water companies. So, we're looking at one of the first things we want to do is engineer an altitude valve in the Highlands tank so that when the water reaches up, before it overflows, it goes down and it actually opens the valve that will dump water into the irrigation catchment and be able to save all of that water. We also need to put some meters in. I don't know from what Mark said that maybe they were in in the past, but we need some high-quality meters. One of the things that these applications really look for is for you to validate water laws. And you know, you get old pipes and old seals and things like that in there, so one of the ways we can do that is, we can take our meter readings at the spring site to see how much water we're actually receiving and then put the meter on the delivery side to see what's going into town and then take our meter readings from town, to be able to add those up and be able to see the difference in those meter readings to see if there's anything being lost in the whole system. So, we feel a couple of things. First of all, that it will benefit us in being able to do some of the other projects that we feel are important; But it also has us being good custodians of the water that we have and we're making sure that we're keeping it where it needs to go. Other things we're looking at is a new well. One that is up higher in elevation than the Eldorado well and hopefully has a better production rate and better water than that well. And there is an old line, I don't think this has ever been replaced, on the west side of the street out here. I know we've talked about the other one, but the West side of the street that line was put in in 1976 so it's a lower quality pipe and the seals in those can degrade overtime. So, we want to validate water lines to be able to verify that they are good. And then also the spring enhancement. This was one of the things that the water company was looking very seriously at before this surprise about

private property up there. And one of the things that we actually had talked to Karl Rasmussen, our engineer, about is what could be done up there. He said that he'd recommend digging down into the spring, below the spring and putting in a barrier, so that the water that is not going in the pipe, is not just running past and we're losing it, but we can actually funnel it into the pipe. Not only that, but he's identified water up further on the hill that he thinks we can capture and bring into that spring. And that would be a real value to us in doing that. So those are some of the projects that we're looking at right now. And thanks to Kirk, we have met with a couple of engineering companies, just to get a feel for what they can offer, what experience they have, and not only that, but hopefully we can get some competitive bids on things that we are going to do. That's going to actually be important to these grants and loans. So that's where we're at on that.

Introduction	Jennifer Lefler – New BookKeeper
<p><u>Don Fawson</u> - Jennifer, you do you want to just stand? This is Jennifer Lefler and we've hired her as our bookkeeper. I was just talking to her a little bit about some of her experience, and back early in her education she went to UVSC, which is now UVU in bookkeeping. She then worked for Lecadia Financial in Salt Lake. And then after that, she went to work for about 10 different construction companies, I guess at the same time. And then she took a job working for a bookkeeping broker as an independent contractor with construction, and restaurants, and a multitude of different companies. She currently has 20 clients. She does work from her home. She is a shareholder in the company who lives here in Leeds, which is a nice asset. She's worked with QuickBooks, Peachtree, and both desktop and online and in office communications and things like Word, Excel. So we want to welcome her.</p>	

Treasurer’s Report (for APRIL 2022) [Doris McNally]

TOTAL ORDINARY OPERATING INCOME IS:	\$15,980.31
TOTAL YTD ORDINARY OPERATING EXPENSES ARE:	\$21,852.21
LDWA’S NET GAIN:	\$(5,871.90)

Within our Ordinary Operatizing Expenses there are 4 Categories:

- **Field Expenses** (YTD Representing 48%)
Expenses in this category are associated with the major repair projects on Main St which have contributed the YTD higher expenses.
- **Admin Expenses** (YTD Representing 5%)
Are tracking below last year’s figures.
- **Professional Services** (YTD Representing 8%)
Lawyer Expenses associated with Water Rights Change Protest response, an Ongoing Easement Use Dispute, and response to Small Claims Summons, contributed to YTD higher expenses.
- **Payroll** (YTD Representing 39%)
Reflect additional expenses associated with the hiring of a “SPOTTER” for the infrastructure work done on Main St.

Within the Emergency Repairs/Major Project Expense Category

- Expenses associated with the Eldorado Well decommissioning contributed the YTD higher expenses.

The LDWA’s Banking Accounts Stand at: (05/18/2022)

CHECKING ACCOUNT:	\$20,108.36
EMERGENCY REPAIR & MAJOR PROJECT RESERVE	\$284,518.38

DDW LOAN #3F138 FUND	\$36,469.77
IMPACT FEE ACCT	\$21,532.95
SAVINGS ACCOUNT:	\$342,521.10

Q1 2022 - 198 Payments have been made through PayClix totaling: \$10,836.26

Since its implementation we have seen 20% of our shareholders using this solution, and we also have seen a decrease in late fees since shareholders have this payment option.

	Credit Cards		Electronic Checks		PayClix®	
	Count	Credit Cards	Count	eCHECK	Count	TOTAL
Jan-22	33	\$2,149.28	13	\$641.94	46	\$2,791.22
Feb-22	30	\$1,574.26	19	\$1,047.57	49	\$2,621.83
Mar-22	33	\$1,961.13	20	\$846.85	53	\$2,807.98
Apr-22	34	\$1,547.00	16	\$1,068.23	50	\$2,615.23
	130	\$7,231.67	68	\$3,604.59	198	\$10,836.26

VI. SHAREHOLDER COMMENTS:

DISCUSSION	Shareholder Comments
	<p><u>Don Fawson</u> - At this point, we're going to open this to shareholders comments. And as we mentioned before, if you wouldn't mind, please come up to the microphone so that we have a chance of hearing you, and state your name, speak loudly if you would, and please limit your time to three minutes,</p> <p><u>Ralph Rohr</u> – I have more than one question or issue. One and a half, two minutes or so on each one. I can't cover all of them in three. Hard to know where to begin, but first of all let me go back to the meeting and to some business that was just discussed about the Eldorado Well. I went back to the Minutes because as you all know, I'm a stickler for documentation. And I could find no documentation within the minutes that the removal of that well was discussed or anything done about it, except on November 21st when one comment was made that the Vault covering or whatever from down on Main Street was taken up and put on there to protect the equipment. It didn't come up as a problem until shareholders showed up here with pictures of the well site, which looked like it had been vandalized and torn apart, and I'm not telling you anything you don't know because we've talked about this before. So, my concern is whether or not there was any board discussion of what was done there, and why it was done, and at this point I still don't know the answer to that question. I think the next point I want to make is about recording everything, and minutes, and documentation of what we are doing. I've been on the website trying to look at minutes and things and I have a question. Where are the minutes of the board meeting from 2008 through 2020? They aren't there. Anybody know?</p> <p><u>Don Fawson</u> - I can't answer that.</p> <p><u>Doris McNally</u> - They're in the office in a file.</p> <p><u>Kurt Allen</u> - I haven't read through those, Ralph, but I've seen them there, they are in the office.</p> <p><u>Ralph Rohr</u> - You've seen them there. You know, I've been by the office twice this past week. We were hoping to be able to see some of the records, and you know what the bylaws say about the records being available during business hours to anyone who wants to see them. At this point that is not a practical reality. It cannot be substantiated, so that's a weakness as I see it. If the minutes were online from those 12 years. I don't know. I don't understand, I mean, I think I saw them once years ago when my wife was on the</p>

water board, and we were researching something. But of course, I cannot remember for sure everything what it is, but I think. Are all the rest of our minutes, and hard copy in the office. Every record is there all books and everything, are hardcopy.

Doris McNally - There's a retention record with all the meeting notes and the annual reports in the office.

Ralph Rohr - Because if they're just floating around on electronic cloud somewhere, I'd be concerned and I am concerned so, you're telling me we have the minutes from 2008 to 2020 in the office?

Doris McNally – Yes

Ralph Rohr - I'd like to see them.

Kurt Allen - We'd love to show you. And Ralph, your 3 minutes is up. So, wrap it up.

Ralph Rohr - I know, I told you I have more than one issue.

Don Fawson - Let's cycle you back around. Would you mind? That way we can give other people a chance to talk.

Ralph Rohr – That's fine.

Kurt Allen – Thanks for cooperating Ralph, we appreciate it.

Steve Dyroff – Kurt, Don, and Ralph, you touched on a couple points I'd like to ask about and it's about the well, but this is going to be in two segments but they're going to join at the end. If we just go as a crow fly right over the mountain to a small town called Gunlock, a few years ago, as everybody knows ran out of water because of arsenic. Granted, the government put different stipulations on parts per million that. But a lot of the gun locks water wells goes into St. George. They couldn't fix it, so they've got a water treatment plant out there now. Everybody, I think knows there's a snow tell up at Gardner Peak on Pine Mountain. The snow tells measuring equipment, there's hundreds of them in this state, but you can tell exactly what's going up on top of Pine Mountain at any time, by reading this, and you can see how dry the soil is, what the moisture content is, what the rain falls Been by count, by day, month, and year. And the snow level, how much snow has fallen. Since we've been here for 10 years, every time I look at that, which I spend time on it during the snow season in the wintertime, it's less and less. And this year the most I ever saw was 32 inches, that sounds like a lot.

Don Fawson – What's it normally been?

Steve Dyroff - It's been up in the high 30s to 50s. Now, that's just in the 10 years. But what was interesting this year is how fast it melted. Now, we've had a very windy spring, but between a couple degrees warmer and the 20 to 30 miles, an hour winds that snow went down on Garner peak, which is right up here in back of Leeds, 2 inches a day. It was only up on top for a couple weeks. I don't know that snow actually reaches a water aquifer. I don't know if there's a river underneath here and the Great Barrier Basin area, nobody knows how much water is under there, but I'm guessing what comes off that mountain as snowfall goes into our county. Hidden Valleys had problems with their water, obviously. And then go on East of here, Lake Powell's down below 25%. Lake Meads about the same thing. The snow just started coming in from the West Slope off the Colorado. Lake Powell's coming up a few inches each day, but that's going to end in a few weeks. But once that snowpack from the West Slope gets here, they're predicting it's going to drop again. What's this overall saying? Drought? That's all it is. And too much evaporation and too much use by the growth in the Southwest, which brings me to my point, with all the growth that goes around here. Tina and I, two weeks ago went to a Better Business Bureau meeting of Hurricane Valley. And the Mayors were invited to come in the hurricane area, so Hurricane, LaVerkin, Toquerville, and here. Mayor Bill couldn't come because he had a prior engagement. Here's the takeaway, and here's where my comments gel. Every mayor stood up and talked for 15 to 20 minutes, everyone to a man and a lady. Talked about the growth and how they were encouraging it and neighborhoods of 10 and 20 thousand homes going in and they're trying to incorporate more businesses, more hotels, and more tourist attractions to get people from out of state not only to come in here and spend money, but to spend time here. Which all comes down to, we got

to have redundancy, like you guys have mentioned about in wells. I can't think of any more important thing that you get a damn well dug, and I'm asking you guys, is there a plan? I know a couple weeks ago you mentioned we want to get one done by the end of the year. Is there a plan documented? This is where we want it, this is where we believe there's water. Do we have a written plan? Do we have the funds in place? Do we have grants coming our way? And do we have people to do it? And I know that brings into a separate question on where to store it. Right now, if there is a well dug that worked, since the Eldorado ones defunct.

Kurt Allen - Steve, those are real good questions.

Steve Dyroff - Is there a, yes, we're going to have this done by this day and here's our plan. Here's our funding. Here's our grant and how we're going to do it? Or will we be talking about this in December?

Kurt Allen - We are going to be talking about it in December, but we're going to be well along that path and have several of those boxes checked off. No, they're not checked off at this point. We're just starting into the process. So, the assessment step has been taken, that box is almost checked off. The engineering planning has still got to be done. In order to do that, we need to get our engineer retained and then they will begin planning. In order to do that, we've got to get money. Now, one thing that a program that these funding agencies have is for planning, and they told me yesterday that upon Application they could have a planning fund approved within 30 days and we're going after that to get that done. And then we can come back to the board meeting here and give you another update at that point. But we are going to go after this aggressively.

Steve Dyroff - I take it you don't see anything this year being actually drilled.

Kurt Allen - No, I wouldn't say that. We're going to get a, a hydrologist involved to assess the previous hydrology study. For the location of that website, if he concurs that that's a good site, and we can get the engineer on board and have the funding well on its way, then yes, I think that this year it's a possibility we can be drilling a well.

Steve Dyroff - Have you by chance talk to Iron County? Because they hired a whole company to come out and check out the Southwest Desert with very high intensity rate or equipment and they went all around Southwest Desert to find the water, and it was in the papers for quite a while.

Kurt Allen - We haven't.

Don Fawson - You know you are a wealth of Information, and the message is really scary. The information is really good, and we appreciate that. I think I'd like to be able to count on you for further information as we move along. It's kind of interesting as I understand it, back in the 1970s, the LDS Church was involved in a big lawsuit with the Washington County Water Conservancy, and they did a massive underground study down here. And we're trying at this point to be able to see if we can find that. To help this kind of see what's going on with all the drilling and everything else that's happening around here. So, that's just one piece of this thing.

Steve Dyroff - One thing I didn't add, out of all the Great Basin states, Utah has been rated for years as the most expensive use of water per capita. Utah's used more water per capita than any other basin state.

Don Fawson - You said they use more or pay more?

Steve Dyroff - Used more. You know, I told you the other day on the phone, Tina had some conversations up in Salt Lake, and I had some down here in Washington County. The girl down here said we document our water consumption differently than all other states, but it doesn't matter because we still use more water per person than any basin state that relies on the Colorado River.

Don Fawson - That's very interesting.

Steve Dyroff - That's what's so alarming when every Mayor is saying build, build. Not one mayor, said conserve, conserve, and here's what we're doing to save water, not one, and that's what scares us.

Kurt Allen - I agree. Steve, I apologize. I'm being a little bit two faced. I was hard on Ralph with the three-minute thing and.

Steve Dyroff - Ralph's an old goat. LOL

Kurt Allen - Did you say that publicly? LOL

Don Fawson – We'll get back to you Ralph.

Julianne Bruley - I would like to take some time to say thank you to this board for all of the hard work and diligence for protecting our water. And I also want to do a shout out to both Sharon and Aaron for their time and their sacrifice of time away from family and friends, and this is a volunteer position and I just want you to know that your thought of very kindly and raised up in prayers and again we thank you, that you're here and doing your due diligence and hard work and using your gifts and talents to support this town and its water. I wanted to piggyback a little bit on what Steve was saying about conservation, where I'm wondering, you don't have to answer this, I know that its Tik Tok and maybe it's a later discussion. I know sometimes people don't conserve unless it's incentivized to conserve. Has the thought ever crossed anybody's mind about maybe having a stiffer tear for water use and stiffer prices, where if you're conserving water or not using very much or using innovative ideas to use less is that rewarded and compared to a waste? And if you want to waste, maybe that gets to support the new wells, and the infrastructure that it sounds like we need. So anyway you don't need to answer that. It was just a thought, I know sometimes people won't act unless it wears on their pocketbook. And again, I think everybody wants good clean drinking water and I think it would be again something that should be paid for, especially when we're surrounding and sounds like being really pushed by more growth and people wanting good clean water and straws and you know, hopefully we'll be able to afford our own straws and maybe the only thing to do that is to incentivize by, you know, conserving. It was at the town meeting when Danielle mentioned about the watermelons or melons being sacrificed to the housing market. And I really hope that we have enough water so I can enjoy our produce grown in our own town. So, thank you guys, again.

Kurt Allen - Thank you for your kind words. You know that's a good segue into the conservation plan that LDWA does have in place, and I'd like to point out that we have a conservation plan in place and the brochures that you have available here tonight are a great resource for ideas and things that you can do as a homeowner to conserve. And I think that Steve had a great point there. We need to be real conservative, and we need to come together as a community and not be divided and be unified in our efforts and that's this board focus is to bring this town together in a unification effort so that we can be together so we can survive this upcoming drought. It's inevitable. It's going to happen this summer.

Alan Roberts - this is going to be directed more towards Kurt, and probably Ron Cundick, and Elliot. Was there an attempt that was incorporated in our improvement loan to establish a secondary well? and if So, help the shareholders understand what resources went into that, where that lies, and what the status of that particular undertaking, where it went. We talk about conservation. I don't think there's anybody here that would argue about the conservation part. Nobody here probably, would be supportive of a less amount of water for their base fee. It's pretty significant when you compare it to other entities. I don't want to be compared to other entities like Phoenix, AZ or even St. George, UT. Our allocation for our monthly fee is quite significant. And so if there's not any pressure put on someone, what's the incentive to conserve, I'm going to use that total amount because I'm allowed to. You know, that's just throwing that information out. If you could help the shareholders understand where the process with the other well is.

Kurt Allen - I will. In 2010, when the improvement project took place, a well was part of that funding and among many other things. There was a hydrologist named Peter Rowley that was retained to do a hydrology study and pinpoint the location he recommended to drill the well. That location is just about 800 to 1000 feet away from our existing well and there were preparations made for access up there, a well pad built, and a well was drilled. That well gave us a lot of trouble with cave ins and issues at the time and when

we got down to, I believe about 300 feet we determined that we were in the wrong location and we were going to move the location, not far 75 to 100 feet in one direction and that was per Peter Rowley's recommendation, that the fracture that he has determined goes through that area. We were missing the downhill slope of the fracture and if any of you know geology, you know that there's the slope of the plates that come up there, and it's a fracture and it's a slope and we were determined to be just on the downhill slope of that. And so, he was going to move us over and drill another well and at that point, the board determined that, that wasn't going to happen, and stopped the progress of drilling that well. At the time it was determined that the El Dorado well was going to become our second, redundant source of water and the rest is history. At this point, this board has determined that the Eldorado well is not a second source or redundant source of water and it was based on the engineering that was done in 2010 that determined that well was physically impossible to be injected into the system at that elevation, and that the water wasn't fit to be able to use as drinking water. So, with all of the things that's happened over the past 12 years, brings us to the point where we have inactivated that well and put it on storage at this point. It's still there, it could be activated at any time. And if the determination down the road is that it could be utilized then it could be put back online. It's our determination as a board that that's not possible at this time. So, it's probably going to need to be another board or another effort in order to change that determination. The funding with the Water Resource Board that was given for the project, was given to LDWA in good faith and they intend on having a second well, a redundant well drilled in this community, that's their intent. That loan has never been closed out, because when the plug was pulled on the process, it didn't get completed the operation report didn't get submitted, the well didn't get finished and that loan that we've been paying on for 12 years is still hanging out there open and it hasn't been closed. And that's a flagrant foul, folks. We've got to fix that. We've got to get with the Water Resource Board and come up with a plan to finalize that loan and we're anticipating that part of that finalization is going to be getting the second well drilled and so we're anticipating that happening real soon.

Elliott Sheltman - I wasn't going to speak today.

Kurt Allen – Now Elliott you promised me you'd behave.

Elliott Sheltman – I am going to try. Basically, We put two holes in the ground and we didn't get any water. There were 2 drilling areas that were done and neither one of them worked. The Eldorado tank was discussed, I know this because when I first got on the board, I was the liaison between LDWA, and PPI, and Northern Engineering because I thought it would be a good way to learn about the system. And because nobody else wanted to do it, so I being the new guy, I got it. So, there was talk about using the Eldorado tank, but not the well. The well was just happenstance, Danielle will back me on that. We basically just said there's a well and a tank over here, they are fairly new, why don't we look into that? There was some talk about the water or something wrong with the water, it was too caustic, it didn't taste right, whatever. And we did test it, we drank it, we had the state test it out, it cost about \$7000 some odd dollars to bring it back in and that was the testing. The state said it's good, it meets all quality, if you're going to mix it it wouldn't matter, which is what we would do with it, but it's good quality you don't have to worry about it. We passed all the state standards. Right Danielle?

Danielle Stirling – That's right.

Elliott Sheltman - So that wasn't part of the deal. The problem that we had with the well is we were out about \$175,000. It's not as bad as it sounds, but it wasn't good because the infrastructure is there, the areas leveled out, there's an 8-mile Rd to it, an 8-inch line going over to it, there's electrical, so we did put some stuff in that we can use at some point. But the board initially recommended, they said OK, we'll go with the third, based on what Northern Engineering is telling us, but after a couple of things occurred, we decided this is just crazy, so let's stop, and let's not move forward with it we have a bunch of other stuff we're working on. And again, Eldorado well wasn't connected to it at that point it was added later. Just as

someone mentioned it Hey, this things out there why don't we go check it out. So, the locations still there, it supposedly will produce water based on the Geo engineering that was done, but we don't know for sure. And what was it, the state gave us an extra \$100,000 if we wanted to go along with it they approved another hundred. Even when we stopped the project, you can look at the motion that we did, the board. basically said, we're not going to do this and we'll tell the state that you can keep your money.

Don Fawson - Can you tell me just for my information how deep does the second well go?

Elliott Sheltman - hmm, I don't even know.

Kurt Allen – Well, I believe we're at 300 feet.

Don Fawson – Both of them?

Kurt Allen – So, we just got started drilling the second well that Elliott's referring to. I wouldn't go so far as calling it a well because we just started into that process.

Don Fawson – How Deep do you think?

Kurt Allen – I Would guess 50 to 75 feet.

Elliott Sheltman - Can I discuss another issue and have my 3 minutes? We will do the same with you that were doing with Ralph, you can come back.

Ralph Rohr - I don't mind letting him go.

Don Fawson - Don't you? Is there anyone else? Let's get anyone else who wants to come up.

Tina Dyroff - Listening to the money that's going in and the money that's going out, the grants, all this money that to me it just sounds like somebody has a free checkbook and somebody is writing a whole bunch of checks without income coming in. And you said that you guys were applying for grants and stuff like that. What are the amount of the grants? Is there a matching? So, if the state gives you \$200,000, the LDWA have to match that?

Kurt Allen - yes.

Tina Dyroff - What are the requirements? Where is that money going to come from for Matching funds? Do we have that kind of matching funds, that aren't already allocated or supposed to be in a savings account for emergency use. You know, I'm a money person. I don't see where this is going to get any better without you guys coming back to the shareholders, which nobody is going to like and you're not going to be liked by saying oh, by the way, we have to raise the rates. Well, some of us can afford it, but there's a lot of people in this town that cannot afford it. So, before you guys start writing checks that you can't cash, you might want to reconsider some of that stuff. What is important, what is not important, and what needs to be completed. I think we said in a meeting one time, part of the loan was to build a well that was part of it right, Don?

Don Fawson – Yes

Tina Dyroff - It wasn't about paying the loan off quicker, it wasn't this, It was certain requirements. Those requirements should be done. And then if the water board wants to get in debt again, so be it. But right now I just think choosing money wisely, and not spending money just out of the blue.

Kurt Allen - It's a point well taken, and it's all talk at this point and any major expenditures like that have to come back to the shareholders for approval. And so, the board isn't going to go take on a 2 or 3 million dollar loan, without having discussion and approval from the shareholders.

Tina Dyroff - The grant is matching funds?

Kurt Allen – Yes, it's typically 75 % / 25 %, but that can be variable there as well.

Tina Dyroff - There's certain aspects of that grant that you must fill in a timely manner.

Kurt Allen - There's not a time limit necessarily placed on that, it's all part of the engineering plan and if the engineering plan and application is accepted, there's an expectation that goes along with that, that it's done in a timely manner and that is determined at the time you received the money.

Tina Dyroff - Is there somebody from the state that oversees the application of that money where you must report back to them and say, here's the timeline, this is where we're going, and if that doesn't get completed like you were saying, the well that fell in and we just said no, we're not going to do it. Is there a penalty back to the state for giving back that money or any of that?

Kurt Allen - You know, we may find that out on our existing loan that we have and that we're paying on, we may find out that this state doesn't fool around with that and that there will be penalties, I don't know. We haven't determined that or talked to him.

Don Fawson - But it's not just state funding. There is USDA, which comes through the feds, and there's CIB, there's CDBG and there's various sources that it's possible to get loans through and grants. So, basically you go to them and tell them what you got, they make the offer, then you make a decision based on that offer and what you have as far as assets and if you are able to do it.

Tina Dyroff - Does the board have somebody that is a professional grant writer that looks at these grants to determine if this is one that is feasible for the Water Board versus this is high risk grant?

Kurt Allen - These funding agencies provide a person, to come here and work with us on this process.

Don Fawson - They are not interested in losing money so they are going to come down and assess. I know in the fire department we used USDA, we used CDBG, CIB, we used all of them. And it's a very meticulous process that you must go through to be able to access that funding.

Tina Dyroff - I understand that you guys hired a new lawyer that's in Washington County versus Salt Lake, is that correct or did you interview one?

Don Fawson - So, we have the water Attorney in Salt Lake and we've interviewed one down here, not necessarily to change because the one we have in Salt Lake is considered the best in the state and we want to retain for water rights. But there are other issues that we have, and we feel like we can get a better bang for our buck I guess down here. Not only that, but people that are maybe more familiar locally, but the company were looking at also has ties to the legislature and other things so they have some clout.

Tina Dyroff - So, that Lawyer could also guide you guys in making decisions on grants, loans, whatever to help you.

Don Fawson - They can but the other thing is that even with Washington County Water Conservancy and the people that Kirk is working with, these people can help us too and they don't cost anything, which is a real bonus. Like I said, my experience with the fire department is that we never hired Attorneys to get involved with those things, but we were always successful with the people that we worked with, they were professionals. It wasn't private lending companies.

Tina Dyroff - Same with us, in my past life, we had professional grant writers on our staff that they went out and they looked for grant with low risk back in and you know, the requirements were not at the level where they were not achievable. And some of those have underlying penalties if you fail to do that, that's all I'm concerned about for you. Before you sign on something like that.

Don Fawson - That's correct. Anyone else?

Elliott Sheltman - Just on the LDWA and LWC, In 2019 we transferred 8.78 acre feet of water to the spring and there was a contract between the LWC and LDWA, which basically lays out the responsibilities of both parties. One other thing on the spring water, basically the only entity that has rights to the spring itself is the LDWA. The responsibility we have, is we take what we are allotted and then we put it in the Creek where it becomes the responsibility of the LWC and whoever else has rights to that location. Anyway, the reason I'm bringing this up is because we had a situation. There were several meetings we had with LWC over the years. One of them was, there was a belief that we owed them water because of a situation that arose at some point and it was never really spelled out very well. What the LDWA said is OK, fine we're going to accept that. There's nothing written and there's nothing verbal that we can find, but we're going to do it, so for a whole growing season we're going to give you all the water we can. And the deal was that we

would get the spring water that would give us a chance to see how much spring water we could run through our 4-inch, 50 year old line successfully. And the other was that they would get as much water as we could give them. And it was quite a serious endeavor, quite a detailed endeavor, I don't know the words I am looking for, but it was difficult. That including having Mark go around do a lot of fine tuning during the day. We figured out the cost per month for us was about \$1600 bucks. So, we spent around \$7000 to do that and the agreement was that once we did that, we were free and clear. So, there's really no responsibilities from any party from that point on. We agreed to it, both parties. What we found when we did that because we kept track of the water numbers, is that, there was some disagreement on how many days of water we gave them during the growing season, which was March to November. We went to November just to make a point on our end, and they were they were thankful for it. But when we sat down struggling with the numbers, what we found out is, with all that work and all that money the LDWA provided them we believe it was six and a half day's worth of water for the entire growing season, and theirs was four. There are meeting minutes on all three meetings that we had with them. I guess they're not on the website, but I can provide them. I think I can find them somewhere, the original agreement. But what turned out is there's no way to even come close. How much water do you guys use a year?

Kurt Allen - Can I interrupt here? You know, I'm actually pretty tired of hearing this story. Going back to years ago of giving water, taking water, not getting enough water, tired of paying bills. We have got to come together and establish ground rules based upon the agreement that was agreed on. To install a meter system so that we can start from zero again. We can't be squabbling over what's happened 10 to 12 years ago. We've got to fix that.

Elliot Sheltman - We fixed that, that's what the agreement did and that's what we did with what we did in the meeting minutes and what we all agreed to. We took care of the problem, it's over.

Kurt Allen - It is, and that's why we're starting from scratch.

Elliott Sheltman - Well, what we showed is we could not supply them with anywhere close to the amount of water they needed because for what we use - 65 million versus a billion something there's no way we come close. So, there's no point in doing it and they agree to that. So, I mean in other words we stay separate. They worry about their water needs and we worry about ours. And also because of the problem with less water in the Creek, people depend more on our culinary water to water their lawns and trees. So, we actually had an increase in the amount of usage for irrigation that people would normally use the Creek for.

Don Fawson - We'll go back to that agreement obviously because whatever legal obligations we have, we're going to try to fulfill. And that's one of the reasons that we brought Dave on because we want to be able to work together to try to resolve those issues.

Elliott Sheltman - I think a lot of people will be glad to see David. I'm sure there's probably one person that's Happy.

Don Fawson - Thank you Elliott, OK Ralph.

Ralph Rohr - I'll try and get these bullet points so as not to take too much time. First of all, documentation is important, I would like to go over and see the Minutes from 2008 to 2012. An actual meeting so I can see them. I say that because when you go on the LDWA website, the Minutes are there from 1955 through 2007. And since 2020, and I'm just curious as to why the Minutes from 2008 to 2020 are missing from the website, the only thing there is the annual meeting minutes. So, to me that just confuses me, I don't understand why that should be. Next - on the spending of money, money is worth more now than it will be in a year from now or two years from now. And I think the most important thing to do is not to suspend prepaying the loan, but to get it paid off as quickly as possible. Don't be spending money if we don't have it in excess. Don't be spending in arrears. The expense, for instance, of the crossover project. I don't know how much that is, how much is being paid. But has anything been accomplished yet, and how much has been paid so far?

Don Fawson - The issue here right now is the fact that we have to have this done. You're going to have to talk to Larry about that as far as what's happening with it. But when you talk about that crossover project, that's something the state has mandated.

Ralph Rohr - And what we've just heard is they're not real concerned about it, they're not in a big hurry about it, they're pretty relaxed and easy about it. So, we have already apparently hired Larry to do the job, has he been paid, and has he done anything yet?

Don Fawson - He has received some money, but you know ultimately, that's between the board and Larry.

Ralph Rohr - OK, then let me make a suggestion if that's the case. I would suggest that the person who does this project be hired on a contractual basis. That is for a fee for service, and that he keeps track of his time and services and submit a specific fee rather than just being a salaried employee.

Don Fawson - Appreciate the thought

Ralph Rohr - OK. Because otherwise we wind up with a constant drain. As near as I know and I've signed up, I've tried to get information as you know about the crossover, and nothing has happened since I signed or asked to be involved in that. One thing I'd like to know is how do we make sure we use exactly the amount of water that we're allocated so that we take it all but don't use over? I don't know. My meter doesn't work that way, maybe yours does. but I'm not sure, it seems like an indictment of people that they're trying to get everything they're entitled to. I just use what's there and I never go over. And I am still irrigating with my drip system for my garden and that works out well. I understand we're paying on a loan for 12 years that we haven't used. That's what I heard.

Kurt Allen - No, no, the project was completed with the exception of drilling the second well.

Ralph Rohr - Is your answer no, we're not paying on it now. We're not paying on a loan now that we haven't used in 12 years.

Kurt Allen - We are paying on a loan. A loan payment is being paid.

Don Fawson - the infrastructure is in. We paid for the infrastructure. It is kind of like going down and getting a car. You know, you have the car, but then you have to pay on it.

Ralph Rohr - So we're paying on something we already have, not just something we don't have. I didn't understand what you said. Apologize for that. I think it would have been good if the Minutes of the last meeting had the pictures of the El Dorado site included, so that shareholders can see exactly what all of us at the meeting saw, which was an unfortunate picture as far as I was concerned.

Don Fawson - What pictures are you talking about?

Ralph Rohr - Pictures of the Well site torn apart, with equipment and everything scattered all over the ground and pipes open. The only mention in the board meeting minutes, I saw of anything that the board decided on this was in November of 2021. It was just mentioned that concrete enclosure was taken from Main Street up there. There was no mention of why the well was destroyed. And I mean it was destroyed, it wasn't just in-activated, why the fence was torn down, why it was decided that they didn't need this so this could be done. So that's what I'm talking about when you get complaints that you aren't transparent, it's that sort of thing that people are talking about. You need to let people know what's going on beforehand. And these kinds of actions need to be supported by the board decisions beforehand, not explained after the fact. That's the point I'm trying to make. Am I clear?

Kurt Allen - That's a point taken and may I say this is my 4th board meeting and this has been discussed in every Board meeting since I came on the board.

Ralph Rohr - Right this year. The well was destroyed last year. Let's see. The expense of an engineer to write grants. Writing grants is something that can be done by volunteers, but the expense of an engineer. I would like to point out that the Water Conservancy charges all of us taxes every year on our property. As far as I'm concerned, you can get one of their many abundant personnel that you've told us about to come down here and help us write those grants, you should not be paying extra out of our water dollars to pay for those

grants. The Water Conservancy can do something for change. Basically, they do nothing for us, and I think it's time to utilize them and I think you could make a pretty good point for them helping us out, don't you?

Kurt Allen - They've offered their staff. Yeah, that's what we're doing. They've offered their staff to help.

Ralph Rohr - I'm sorry, I just didn't hear that. OK, well your all tired of hearing from me, but I just want to share those things. Thank you.

Board - Thank you Ralph.

Susan Roberts - I'd like to thank you guys for your service, but my comment goes to Ralph Rohr. Every meeting that I'm at town Council, Planning Commission, Water Board, you get up and you rag on people. You don't have anything nice to say about anyone. So, I wonder why you even live in this town.

Don Fawson - You know it's OK to have opinions and I respect those opinions. One of the things we're trying to do is to show respect for one another when we have those opinions. So anyway, I respect all of you. I appreciate being able to live with you here in the town. You know to me, living in a town is kind of like a family. I don't know if you ever disagree with the people you live with. But, if that's not the case, then I need to understand your ability to be able to create utopia. So, we are here and I know there is scrapping that happens from time to time, but I hope that we can bridge the gap and show love and concern for one another in spite of our differences and what not.

Ralph Rohr - In my defense, I'll say I had tried to deal with issues in every one of the circumstances she has mentioned. It's not personalities, and I think I've done that fairly successfully.

Don Fawson - OK. With that, if there's no one else, we really appreciate all of you being here. And appreciate the information that each of you has shared. We want you to know that there's a lot of hard decisions to be made and we value your thoughts. And with that, yes. Angie.

Angela Rohr - The two items that were talked about gathering more water into the spring sounds like a really good idea since we are probably, at least in the middle of a very long drought season. I mean years of season. And then there was another aspect of holding the water in the spring better that was mentioned.

Kurt Allen - Yes what Donald had addressed, there is that at a cut off damn needs to be built on the downstream side of the spring that contains the water and to funnel the water.

Angela Rohr - So one of the things that I was wondering about was, if we constantly have water coming down our 4-inch pipe which is very old, and if there's excess water, is it really going to happen when we really need to be looking at 6 or 8 inch line coming down all those miles to deliver. Because if that breaks down we don't get the water.

Don Fawson - You know, you're absolutely right Angie, and that would be part of the engineering of improving the spring and hopefully part of the loan or grant or combination to be able to do that. So yes, and not only that, but that pipe actually becomes storage. So, Great idea.

Angela Rohr - I know it would be horrendously expensive to do that.

Don Fawson - But you know interesting, somebody said that the pipe is 50 years old. Not even. That pipe was almost 50 years old when we moved here 50 years ago. So that was put in back with the pioneers basically, so it's closing in I bet you on 90 to 100 years old, so it's an amazing thing that it actually lasted that long and that the Pioneers were actually able to put it in. So yeah it does need to be updated. Thank you again for coming. Appreciate all of you. Have a great weekend.

ADJOURNMENT :: [08:35 PM DON FAWSON]

Layna Larsen

Layna Larsen, Corporate Secretary



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors
Wednesday, **June 15, 2022** Leeds Town Hall,
located at 218 N. Main Street, Leeds, UT 84746.

1) Call to Order

- a) Roll Call
- b) Prayer
- c) Pledge of Allegiance

2) Announcements

- a) Consent Agenda
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports

- a) President's Report
- b) Operations (Field) Report
- c) Finance Report
- d) Administration Report
- e) Shareholders Comments:
No action may be taken on a matter raised under this agenda item.
Shareholder must step to podium to make comments.
(Three minutes per person).

4) Roll Call Vote to close meeting



Leeds Domestic Water Users Association (LDWA)
1901 Silver Reef Drive | PO Box 460627 | Leeds, UT 84746
Phone: (435) 879-0278 | E-Mail: LDWAcorp@infowest.com | Web: ldwacorp.org



Minutes

DATE/TIME/LOCATION:	June 15, 2022 7:00 PM Hybrid Meeting: Leeds Town Hall
TYPE OF MEETING:	Monthly Meeting of the Board of Directors
NOTE TAKER:	Layna Larsen
ATTENDEES:	Members/Staff: Don Fawson (P) , Kurt Allen (VP), Doris McNally (IT), David Stirling (Board Member), Allen Cohn (Board Member) Mark Osmer (Field Mgr), Layna Larsen (Corp. Secretary) Shareholders: Robert McNally, Jim Vasquez, Ron Cundick, Susan Savage, Alan & Susan Roberts, Elliott Sheltman, Sidney & Chris Bevan, Terry Allen, Jack & Mitze Butler, Michelle Peot, Alan Cohn, Teri Harbour, Cynthia Neubauer Ralph & Angie Rohr, Special Guest: Parker Vercimac, Riley Vane

Agenda Topics

I. CALL TO ORDER [DON FAWSON]

CALL TO ORDER	We are all interested in water and we are all concerned about water so, we appreciate your concern and wiliness to be here. We have a lot to cover.
ROLL CALL	Present: David Stirling, Kurt Allen, Doris McNally, Don Fawson

II. PRAYER [JIM VASQUEZ]

III. PLEDGE [BOB MCNALLY]

IV. AGENDA CONSENT & PRIOR MEETING MINUTES APPROVAL [DON FAWSON]

MOTION TO ACCEPT THE CONSENT AGENDA

ACTION	BOARD MEMBER	VOTE	DATE
MOTION:	Doris McNally	X	6/15/2022
SECOND:	David Stirling	X	6/15/2022
VOTE:	Don Fawson	Yea	6/15/2022
	Kurt Allen	Yea	6/15/2022
	Doris McNally	Yea	6/15/2022
	David Stirling	Yea	6/15/2022
	[Board Member]		
RESULTS:	PASSED		

DISCUSSION	<p>CONSENT AGENDA CONSIST OF THE ACKNOWLEDGMENT THE MEETING NOTICE WAS POSTED: Layna Larsen verified she placed notices inside and outside of the Post Office.</p> <p>IT IS ALSO A VOTE TO ACCEPT THIS MONTH'S AGENDA AND THE PREVIOUS MINUTES</p>
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DISCUSSION	<p>Revisions to minutes [Kurt Allen]</p> <p><u>Kurt Allen</u> - I need to correct last month's minutes. And I want to recognize the information that Elliot Sheltman provided to us to correct me on what I was saying and thank you for doing that and putting the work into that. I was throwing out numbers on how deep the well was that we'd attempted to drill, and my memory and my thoughts weren't as good as I thought. The Well wasn't the depth that I thought it was, so we need to correct the minutes to reflect the information that Elliot provided us. And I make a motion that we insert the minutes from previous meetings from 2011, into the minutes so that information is correct.</p> <p><u>Don Fawson</u> - you want to insert the entire minutes.</p> <p><u>Kurt Allen</u> - No there's two inserts that Elliot provided from two separate meetings, one in July and one in August of 2011 and Jim Vasquez was on the board and Elliot was there and those are the minutes that came from the meeting and they're accurate. So, I'd like to insert those as reference to the Minutes.</p> <p><u>June 16, 2011</u></p> <p>3. EMERGENCY MEETING RATIFICATION. Motion by Ben Gordon, second by Danielle Stirling, with all unanimous to ratify the motion at the Emergency Session held on June 9, 2011, as follows:</p> <p><i>"Motion by Elliott Sheltman, second by Danielle Stirling, with Ben Gordon approval that LDWA: (1) pay \$12,000.00 for current concrete expenditure for the original well-site; (2) pay expenditure not to exceed \$4,000.00 to seal off and abandon the currently collapsed original well- site; (3) authorize Gardner Bros Drilling, Inc., to begin drilling a new well site approximately 100 feet southwest from the original site."</i></p> <p>4. STATUS REPORT OF NEW WATER DELIVERY SYSTEM & SECONDARY WELL. Kurt Allen, NEI. The second well drilling is now stabilized after the cave-in last night. They cancelled the concrete, cleaned and reamed out the hole; tonight they are placing the conductor tube down the well, and have concrete scheduled for tomorrow and will use dryer mud than that used on the first hole. They are right above the water level at ~ 100 feet.</p> <p>Trent Danklef, PPI supervisor, reported on the completion of the Project. They are in the clean-up phase at the Oak Grove LDS Church House I-SRE-10 and finishing up at the staging area. Elliott thanked PPI for the great work and dedication, relaying the positive support received from shareholders; Karen read a thank you letter to PPI from Martha Ham and Peter Mills. Kurt said the LDS Church is going to spend \$250,000.00 to re-landscape and fence their home and property L-SRE-10 on Oak Grove and that will delay the completion of cleanup of the easement in that area.</p> <p><u>August 18, 2011</u></p> <p>MOTIONS APPROVED AT SPECIAL SESSIONS HELD JULY 8 & AUG 6, 2011:</p> <p>Approval to hire and compensate Karen Markovich as independent contractor for administrative services provided for the DDW loan #3F138.</p> <p>Approval to sell the LDWA work truck.</p> <p>Approve expenditure for a new well including drilling Well Hole #3.</p> <p>Approval to change office hours from Mon-Fri back to Mon-Thu, 9:30am – 1:30pm.</p> <p>Approval to adjust field operations from one salaried and one on call emergency backup employee to two or more hourly part-time field operators and one part-time field operations supervisor.</p> <p>Approval to hire Mark Osmer as second part-time field operator and assign Colin Korpi as supervisor of field operations.</p> <p>Approval of a monthly work schedule and routine maintenance checklist to be used by all field operators.</p> <p>3. WELL HOLE #3 - DISCUSSION OF PROPOSED CHANGE ORDER.</p> <p>Ben said we have two water sources - the well and the spring; the spring provides water when the well is not functioning. DDW Loan #3F138 included money for a second water well, and we have drilled twice without</p>
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success. Now we are discussing drilling a third hole. Geologist Peter Rowley reviewed the manner in determining where to drill for water. Elliott said he's

concerned we may be trying to make it work within the originally approved area, and asked if in retrospect, if the recommendation for the well site would be in a different location. Rowley said the original site was viable, but with new information of the fault & its attitude, we need to find a location that will not cave-in. Elliott asked if Rowley would be on-site to identify for drilling Hole #3, as Rowley was not present when Kurt Allen selected well-site to drill hole #2, and LDWA had expected Rowley would identify all drilling locations, not just the first. Rowley concurred and said he would identify the third drilling location. Ben asked for Board input and if acceptable, will mail approval to Gardner Bros and complete the project within the required time frame.

Elliott Sheltman asked the Board to approve each line item as completed, rather than approve this entire amount. Ben said if it becomes a viable well, we will need to approve funds for completion; proposed drilling is 250 feet at \$75.00 foot. Elliott asked if drilling 1/2 way would cause a problem; Kurt Allen affirmed. Elliott suggested they hold a daily on-site meeting and Ben agreed. Elliott's concern is to monitor the expenses and not exceed the budget. Ben said as there are not sufficient funds to build a new pump house for the new Well, but it appears we would have a viable well within our budget and build the pump house could be completed in the future. Motion by Ben Gordon, second by Danielle Stirling, with all unanimous to table approval on expenditures and scheduling to begin drilling well hole #3.

January 19, 2012

4. Well Drilling Status

Elliott said that he does not have confidence in the #3 well drilling any more. There have been many mistakes that have been made with this already. Gardener Brothers gave a rate total amount of \$100,000 if we get water when drilled. We are already out about \$175,000. Elliott said we should not continue we have tried twice and failed both times. Angie Rohr asked if there would be a problem with the current well if it were a drought year like it might be this year. Colin said the current well is producing 340 gal/min.

and recovers in 10 minutes. He said there would not be a problem. The pump and motor are both new. Jim asked if we are still exercising it and Mark said it is being done every month. Danielle wanted to know if the telemetry we purchased is being used. Colin said yes, and that Mark was given a free computer program to monitor it from his

house. **Danielle Stirling motioned to abandon the #3 Well Drilling and request that Peter Rowley go to the site and document where the next drilling should have been. Jim Vasquez second the motion with all unanimous. Danielle will call Peter Rowley to come and document the next drilling.**

A MOTION THAT WE INSERT THE MINUTES FROM PREVIOUS MEETINGS FROM 2011, INTO THE MINUTES SO THAT INFORMATION IS CORRECT.

ACTION	BOARD MEMBER	VOTE	DATE
MOTION:	Kurt Allen	X	6/15/2022
SECOND:	David Stirling	X	6/15/2022
VOTE:	Don Fawson	Yea	6/15/2022
	Kurt Allen	Yea	6/15/2022
	Doris McNally	Yea	6/15/2022
	David Stirling	Yea	6/15/2022
	RESULTS:	PASSED	

V. OFFICERS REPORT

A. PRESIDENTS REPORT [DON FAWSON]

DISCUSSION	Resignation
<p><u>Don Fawson</u> – It seems we cannot have a meeting without a resignation. I would like to read a letter from Larry Bruley.</p>	

Letter of Resignation

Date: 4-26-2022

Dear Board Members of The Leeds Domestic Waterusers Association,

It is with a heavy heart that I write this letter. I have been honored to be of service for the LDWA. I have nothing but good things to say about this board. Thank you for letting me serve.

Unfortunately, the other facets of my life are requiring much more of my attention as of late.

It is my realization, at this time, that it is not fair to the LDWA, its shareholders, or myself and my family to continue at my position as the Cross Connection Control Program Administrator.

I simply cannot commit the time needed to fulfil my duties properly and still have time to take care of my other business projects, health issues, and family issues. I fear that I am spread too thin.

I have never accepted any money for anything I have ever done for the LDWA regardless of monetary or chronological cost. I have declined to accept any payment per my employment contract as the CCCPA. This is a source of pride for me.

Thank you again for letting me serve.

Larry Bruley

Don Fawson - I just want to say that Larry and I are good friends. I really appreciate the opportunity that I've had not only of serving on the board but beginning to know him on a personal level. I know him to be a man of integrity and a man of good conscience, and I really appreciate His service and time with the board. Any comments?

Kurt Allen - I'd just like to basically, second that, because Larry was a real asset to the water company and did a lot of good. He was knowledgeable and had a lot of good experience and we're going to miss his service, so I'd like to thank him publicly as well.

Don Fawson - I think one of the things that we're finding is this. That the old people have health issues. The Young people have families and jobs. And it's a very challenging time that we're in to be able to have people find that balance and be able to serve.

DISCUSSION	Water Rights [Susan Savage]
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Don Fawson - At this time, I asked Susan Savage if she would be willing to share with the Board on a monthly basis anything that is coming up relative to water rights, protests, and those kinds of things. From my experience she seems to have a great handle on those kinds of things which are certainly relevant to the water company. So, Susan?

Susan Savage - I need to thank Doris for putting me onto a link that helped me stay abreast with what's happening with water rights in the area. And so, I actually signed up to receive emails not only about our local area right here but also about Washington County, and also Michelle Peot who's a great researcher, she has sent me some things. So, some things that are happening currently in our area, there's a lot happening, people moving water rights. I'm going to leave some things up here on the table if you're interested, one of them is a glossary of terms and these are questions that people have asked me a lot – what does this mean? What does that mean? What's a share? What's an acre foot? What's a point of diversion? Just some basic things like that. Help yourself. Many of you who are here have read about this. The Colorado River Compact, how that came to be and what it is and so on, some basic things like that. And then there was a neat article I didn't print all of it up because it was kind of long, so I just have some little cards here if you want to pick one up, and you can just Google a title. This article is called important concepts regarding water in Utah and that gives you a feeling for how water law works in Utah and it's wonderful to me to have people coming to the meeting and there's a lot to understand about water and it's fascinating and the more we all know about it, the better we can help each other take care of it. So, there's that article. And then there are two articles by Governor Cox, which you may have read, one called

the effects of drought on Utah's agricultural sector, and misconceptions about agriculture and drought. And in the misconception article, Governor Cox talks about misconceptions that you hear a lot about agriculture is using too much water and he just points out that everything that we use, unless you grow your own food and your own fiber and weave your own cloth and make your own clothes, you're dependent on agriculture. And so, he's saying, as we're in a drought and we're cutting back its lawns and things, we need to cut back on, that irrigators have done a lot to make their work more efficient. But we need to make sure that agriculture has what it needs because we're depending on it. So, one of those articles I did make some copies of, it was a one pager. This is the one called 'Effects of Drought on Utah's Agricultural Sector'. And this one should be educational and might be kind of fun too. You know, we have a lot of fruit growing in our state. I just came through Elberta coming back from Salt Lake and I had just met a man up at the museum one day who said he just planted 200 acres of cherries taking out 200 acres of apples because the seasons were changing so that they ripen too fast and didn't sweeten like they are supposed to be. So, there's a lot going on. What we know about down here a lot is ranching and the cattle raising. And so, this is just a collection of things that's called 'When is a cow more than the cow.' Most of us think that cattle are for meat and milk and leather maybe. But there are some pretty interesting things. There's a section when it's food, when it's industrial. So, there are things like bone char for ball bearing, and airport runway foam, a lot of things, Biodiesel, a lot of lubricants, and so when it's medical, for example, we have an epidemic of diabetes in our country right now - for a person who needs an injection every day, it takes 5-6 cows to keep one person alive for one year with daily insulin. And even sports, and cosmetics if you're using anti-aging cream, you're using the material from a cow's brain. So, there's hardly any part of the byproducts that we don't use, everything is used. I just mentioned that it takes the entrails of 4 cows to make the webbing for one tennis racket, and the NFL uses for the footballs that they require, they use 35,000 cow hides annually. OK, here are some things that are happening in our area right now. Utah water law is based on first time, first right, and so the earliest rights get precedence and that's why sometimes people say Alan Howard, always protests new water and that's why he does. He has the earliest rights, there were Native Americans there, where his spring is and so on, his water rights come from way back in the 1800s. And, my opinion is that it's not productive to be cynical about the water engineers and the people handling water, they're specialist who have a lot to study in this, as I watch what's going on in the county, things moving everywhere. We wouldn't expect them to take our concerns and just say we'll give you what you want. And so, what they get from our protests as those of us who have other water rights in the area, and often LDWA, we protest and ask for a hearing so that we can hear what the people who are moving water around, why, and how they're Justifying it and so on. And someone was saying, well, what good does that do? One of the things that it does is it gives the state water engineer's information. That's how they find out what's happening to water levels and to springs and so on. So, I found that that was really a productive thing to do. Our area, Washington County, is almost completely closed now to new water appropriations. There's no new area that is going to open. We were probably the first area, our area from like Anderson Junction to the Hurricane turn off and from Pine Valley Mountain to the Virgin River. Our area was closed in the 1970s. That means that the state doesn't give any new water rights out. In Utah, the water belongs to the public, and you don't ever own the water, you own a right as long as you're using it and you meet the specifications you're given when it's granted to you. And so, something that's happening, over the years, they stopped giving new appropriation, in fact, they've been cutting back on agricultural producers in the Escalante Valley, which is out by enterprise, figuring that the wells are over pumping. So right now, the Water Conservancy District, who's struggling with the Lake Powell pipeline, and we know that there are great questions on that and concerns. They are petitioning the state to grant a new appropriation of deep water, and they're proposing to drill 18 wells, starting just above Pintura and going down to the Arizona State line along the Hurricane fault line from 1000 to 5500 feet deep to pull up deep water. So, what they're suggesting is that we've allocated all the water that's closer to the surface, but there's water down deep that has never been tapped and they would like a chance to do that. So, there have been like 50 protests registered for that and the State is taking time. You know, I was just up

there last week and said, we have people asking, when will there be hearings on this. And he said, we're going to wait and let all of these people get their information together so that they're prepared. They want to pump 12,900-acre feet of water from down deep. Those notices come out on Thursday, if you take the spectrum, you can see them there. The following week there was an application for a new appropriation from the enterprise area, where there are lots of farmers and lots of alfalfa seed. Remember the cattle industry. So, it takes lots of alfalfa and lots of everything to raise those cattle and so they're asking to drill deep wells. And I guess to me it's kind of sounds like, OK, if you're considering that, consider our needs because we are being cut back on water and they're asking to drill deep wells and pull out 56,000-acre feet. This last week, there was someone else I can't remember who. So, people are kind of testing the state on that. And it's interesting that, there's been talk about the Ogalala aquifer that's been pumped 100 years or something and now it's going down in sinkholes. And so just trying to figure out what's going on, the state engineers, when I talk to them about how our area was bounded by the mountain and Virgin River and they say your area is full of fault lines and the New Harmony area is full of fault lines. And so now we're looking at that as well as the water going naturally from both sides, the Kolob side and the Pine Valley side towards the Virgin River. In our last protest, we have protested the moving of the water from the failed Ash Creek Reservoir that's at the top of the Black Ridge, down to the new Toquerville Reservoir. What's Interesting is when I took our protest into the water engineer, he said, this has been talked about for decades and we know it has, that plans have been on the drawing board. So, we'll see. You know what happens now,

Michelle sent me a link to some Geological studies that she went on to of the area and last water meeting I think Don mentioned that The Church of Jesus Christ of Latter-Day Saints had done some studies there. The church was sued by the Conservancy District in the 1990s, over possible interference with water rights with the Aquafer. So, the studies that Michelle has shown have a lot of talking about the fault lines, the Pine Valley Fault zone and so on. What the church did, and the church has large farming operations, that's why they're involved in water, they do that for humanitarian purposes, and they help to save the water. Maybe, you know, a few years ago, some years ago, Las Vegas challenged the Nevada ranchers and wanted to take their water and so they helped do some studies for that, for the purpose of the cattle industry. What they did in New Harmony was to actually test the Wells that are in those areas. Kurt had mentioned that he had heard before that the New Harmony area was one aquifer. But those studies show that there's a Well here that when you pump, it affects something over here, but not something down here, and something over here that affects. And so, they're looking at the service evidence of fault lines, but also saying, that those waters are connected in different ways. Our basis for protesting, our family group, and the people out our way who have a Well is the concern that by pulling the actual water, not the right to water, but the actual flow of water out of Ash Creek at the top of the Blackridge. That's the reason the reservoir failed was because the water was seeping into the volcanic rock it wouldn't hold water. And so, our concern is that maybe the water that's been feeding our aquifer or part of it. So that was our basis, it's been very, very interesting and that's all I have to say tonight.

COPY OF HANDOUTS ATTACHE AT END OF MINUTES

Don Fawson - Thank you, Susan.

Doris McNally – I want to Thank you, and one of the other things, I would like to make a motion, I don't think we've done it before. We filed a protest with you on this and it would be nice to add it to our minutes so that the shareholders would get to see the types of work that we're doing behind the scenes on these protests that come up and there's been a lot of them this last year.

I WOULD LIKE TO MAKE A MOTION THAT WE ADD THAT PROTEST TO THE MINUTES OF THIS MEETING

ACTION	BOARD MEMBER	VOTE	DATE
MOTION:	Doris McNally	X	6/15/2022
SECOND:	Kurt Allen	X	6/15/2022

VOTE:	Don Fawson	Yea	6/15/2022
	Kurt Allen	Yea	6/15/2022
	Doris McNally	Yea	6/15/2022
	David Stirling	Yea	6/15/2022
RESULTS:	PASSED		

A) Presidents Report

DISCUSSION	Appointments [Don Fawson]
<p><u>Don Fawson</u> – As you know there is a vacancy on the Board, has been, and we had the opportunity of visiting with some candidates this last week and we appreciated all of them throwing their hat in the ring. And as we finished our selection process, we chose Alan Cohn to join us on the Board and would like to ask him at this time if he would come up. And Layna, would you like to give him the oath of office?</p> <p><u>Layna Larsen / Alan Cohn</u> - I Alan Cohn, do solemnly swear that I will support, obey and defend the Constitution of the United States, the Constitution of this State, and the Articles of Incorporation, the ByLaws and all other lawful regulations governing the operation of Leeds Domestic Waterusers Association, and will discharge my duties with fidelity.”</p> <p><i>LDWA Bylaws Article V</i></p> <p><u>Don Fawson</u> - Thank you. Could you please join us? Again we're excited to have, Alan. It's always good to have a full quorum, I guess you would call it, and another set of eyes on everything that's going on.</p>	

DISCUSSION	Cross-Connection concern [Don Fawson]
<p><u>Don Fawson</u> - We did have a question this last month about a tap that was temporary, and it was set up on a piece of property where construction was taking place and it's specifically related to a line in. The Environmental Quality Drinking Water Facilities, line of operation, transmission and distribution pipelines Under Rule 309-105-12 (Cross Connection Control) requirements.</p> <p>Anyway, it says service line shall be capped until connect for service. You know, it's obvious to me at least, that when someone is constructing a house and whatnot that they must have temporary services to be able to take care of the needs of construction. You see temporary electrical hookups, and obviously water is also one of those things. I have called a number of the towns in the area, St George City, Toquerville, Washington, Hurricane and lastly the Utah Division Drinking Water to get their opinion on that and they said basically, 'when the meter is attached to that property then at that point the service is connected.' It doesn't necessarily mean connecting to the house or building or anything else. And specifically, the Utah Division of Drinking Water backflow specialist said that that's common practice. So, we'll just go ahead with that, appreciate the question because it's certainly a valid question, but that was the answer to that issue.</p>	

DISCUSSION	CROSS-CONNECTION SPECIALIST [Don Fawson]
<p><u>Don Fawson</u> - One of the concerns we have obviously with Larry's resignation is the fact that we don't have someone on the Board that we can contract for doing the surveys of people's property if they ask. So, we had approached Allen Roberts with the thought that perhaps he'd be willing to contract with LDWA to provide that service. We'll be having discussion with him and moving forward, in hopes that we can work something out with that because we think it is an important service.</p>	

DISCUSSION	ENGINEERS [Don Fawson]
<p><u>Kurt Allen</u> - Last month we mentioned to you that we were in the process of retaining an engineering firm to represent LDWA for our water infrastructure needs. We have retained Jones and DeMille Engineering as</p>	

our LDWA association engineers, we've asked Riley and Parker to be here with us tonight, and Riley and Parker are our representatives that we work with, so far pretty much on a daily basis, and it will probably continue to be that way for a while. We've currently got them working on funding applications for our projects and working on design things that I'll cover a little bit later.

Don Fawson - Thank you, we really enjoyed the time that we've had to spend with them. Feel very confident in their ability to be able to serve our needs. So, one of the things that we've done is kind of do a site survey and had the opportunity of going up with Mark to the spring this last week and to look at that. It was just kind of interesting what we found. You correct me or add to if you want to, from what we found up there. We found the spring to be super clean. There are some roots looking like they'd like to intrude but generally speaking very clean. The spring is up over the intake, it's probably a foot above the intake pipe. This means to me, there's water that's going around that, the pipe is not taking everything the spring is producing. That could be for a couple of reasons; 1) the pipe is not big enough, which we don't really think at this time is the main issue. 2) the possibility of the pipe having some obstruction within the pipe or being crushed or something else. So, one of the things is that Mark has a camera that has a 300-foot lead on it. So, he's going to send that up from the weir back up into the spring to see if there's anything obstructing the water flow so that we can repair anything that needs to be repaired in that piece of pipe to get the full flow of water that we can through the pipeline. So, that kind of brings us up to date on that. Mark is also working on replacing the meter at the spring to get more accurate data. The one that was up there had frozen and we also found that there was an air lock in that line, that made it difficult or impossible for that matter, to actually function well. Maybe cleaning the pipe out will take care of it, but we also have another cure for that if that doesn't work.

The other thing is we're planning to install meters down lower on the line toward town, so that we've got accurate information on how much water we have going into the pipe, how much water is coming out of the pipe, to see if we got any leaks or anything like that going on so that we can take care of that?

DISCUSSION	60 ACRE PROPERTY SPRING IS ON
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Don Fawson - The last thing that I'll mention in this area. As you know, we're concerned about the ownership of the land relative to the spring. Karl Rasmussen, who's an engineer that we've used, does a great job, has been hired by the landowner to do a survey of that property. And initially he said it's possible, based on the description and what he is finding up there, the spring may not actually be on private property. Because it appears that property is north of the Creek, and the Creek parallels the spring and the road and then crosses under the road above the spring. So, if that were the case, then that would put the spring on Forest Service land. We're hoping that's the case. The other thing he mentioned was, there actually maybe more land than the 60 acres. In which case the landowner may be interested in trying to work out some kind of deal to transfer that actual ownership over if it turns out the spring is actually on his land. So anyway, there's just some things going on out there, some of you may have been concerned we're taking so long with this. We want to carefully go through this whole process to make sure that we know the actual facts.

B.) FIELD REPORT

DISCUSSION	WHAT IS BEING ACCOMPLISHED
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Don Fawson - I was going to have Mark make a quick report on some things that are going but since he's not feeling well, we sent him home to rest. We have a requirement from the state we're supposed to replace 10% of the dual checks on the meters every year, which is a device to prevent backflow into our system. And again, we reported last time what the people we talked to at the state said, well '*you're going to have a real tough time pulling the old ones out, because they get stuck in there over the years*', but Mark was able to devise a tool to be able to do that very quickly and easily so, we appreciate his knowledge and

skill. I don't know exactly where he's at on that project, Scholtzen's ran out of some of the repair kits so we will wait till they get more inventory to finish that Project.

One of the things that I really appreciate about having David on the board is he's knowledgeable about pumps and things like that. He connected us with Southwest Pump and Sales, they actually refurbish pumps and the motors. So, we're going to take the old pump that came out of our Well and have them look at it to see if it can be refurbished, saving us money. We hope to have that pump in inventory as a secondary pump. We'll also have them look at that El Dorado pump as well while we've got it out.

Kurt Allen - I had Mark give me an update before he went home and he got those pumps into Southwest. They will evaluate them, and they will call us back with an estimate of what it will take to refurbish them.

David Stirling - I would just like to say that we really need a second backup plan because we haven't had one, and if that pump goes down, with the way that the supply chain is now, it could be months before we get one and we'd be without water until then. So, I think it's really important that we get those refurbished. If they can't, then we need to buy new ones. I'm checking on prices right now, Sterling Fruit bought that same size, 50 horse pump, in 2018, it was \$15,000 for the motor and the pump. But as we all know, I am guessing 30% to 45% more, but I'll find out. But I think that's still a reasonable price to have water, because as soon as the pump puller guy can get there to change that we will have water again.

Don Fawson - That was a perfect segue into what I wanted you to say, so that's great. Did you have anything else you wanted to share?

DISCUSSION	MEETING WITH LWC
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David Stirling - So the Leeds Water Company and the LDWA met and have decided to continue with the agreed upon contract signed between the companies in 2019. That was Elliot and I who signed this contract. The agreement shows that 93% of the water in the watershed should be diverted to the Leeds Water Company, the irrigation company and 7% two LDWA and that's for a first-class water right. It changes on a second-class water right which is like 91% and then 9% for LDWA. That's the watershed, not the Spring. So, you total the whole water coming out, being diverted by the irrigation company and diverted by LDWA, add those together and then LDWA gets 7% and then the irrigation company 93%

Don Fawson – Elliott, before you make a comment, just one second. I want you to make comment, I really appreciate some of the things that you brought up last meeting relative to that, it has been good to be able to read through that. As I read through the agreement, what we looked at was obviously the diversion or the source for the water, and for LDWA is the spring. The source for the water for LWC is the Creek. That's primarily where that comes. And in looking at that, at least in my calculations, based on the amount of water that the spring is producing right now, which may be more once we get the meter actually working correctly, that we're actually taking everything from the spring and still not meeting our water rights. Elliot why don't you come up here, normally this is not something we do during the meeting, but I think this is relevant.

Elliott Sheltman - The cover letter that's there, the amendments as far as the water transfers, there was a protest by the LWC, and that agreement was put in place to stop the protest. But I believe that those numbers are before we transferred the 7.87-acre feet of water, which would change the numbers a bit. And in 2021, I don't know the numbers because I was no longer on the water board, but there was a transfer that we believed to be at least ten-acre feet of water from the Pintura area, or at least up North, it was transferred from the Special Service District Water Company. It was originally 24 some acre feet and it had been stomped down to about 10 because of poor transfers. So, neither one of those is probably not on that cover sheet. That was before we actually transferred the water. It was to stop the protest and basically set something in place before the two transfers. But I don't know what the second transfer was.

David Stirling - So those transfers are in that second-class water right.

Elliott Sheltman – I am not sure it is in there as far as the separation.

David Stirling – The Laney water was, but I don't know about the Pintura water.

Elliott Sheltman – You may want to check on that. The other thing is, is the LWC metering their water now from point of diversion?

David Stirling - OK, so I'll go over that with you. The LWC is on a shoestring budget under poverty, stricken beyond our maintenance budget. It clears \$15,000 and then gets eaten up. So, the person who gets to put that meter in is me. I haven't had a chance to do it. Hopefully this winter. The LDWA does not have the proper agreed upon set up at the spring, you know with the plexiglass box. So, neither company have done what they agreed upon,

Elliott Sheltman – It is metered though on our end, right?

Don Fawson - The problem is when we say it's metered, there was a meter there, but it stopped functioning and it froze up and we're actually in the process of trying to replace that right now. We've had to reconfigure that pipeline in order to get it low enough to get the air out of it to be able to do that.

Elliott Sheltman - if you always stay on top of it and as you know, there was a time, I've got an instant report from Tyson Riding, where I think three of you and an attorney met up there with Tyson, kind of unannounced and found that we were indeed not taking any more than we were supposed to. We were really careful about that. I guess Zach Solomon had a stopwatch and all that, so it seemed like everything was fine then. But the idea of the meter though, it is in the contract? It says that both sides must measure and share their information, and there is a thing in there, consequences as far as if a meter is not installed by the LWC, I think it's supposed to be February 1st, 2020. If the meter is not installed by the LWC then the LDWA is kind of off the hook until it is.

David Stirling - And that's true, but LDWA did not do what they were supposed to do to, so both companies are at default. I mean, you did not install a box that we could see through with a window, that's also in this contract here. So, we are both going to act on good faith and if you want to come and read the water with us, your welcome to come, people from both companies, anybody else that would like to come and make sure the waters are divided up are welcome to come.

But we are going to work it as neighbors

Elliott Sheltman – But that doesn't fit the contract.

Don Fawson - We appreciate that Elliott, we both understand that.

Elliott Sheltman - The contract was well thought out. Both attorneys, yours for LWC, and David Hartvigsen for LDWA. It was well thought out and planned out for a particular reason. Because you need to have the meters and the meter needs to be on both locations and readable for both parties, so there's no more miss understanding.

David Stirling – I totally agree with you, but that hasn't happened on either side, so we're going to work it out together this summer.

Elliott Sheltman - Are you going to put a meter on the point of diversion for the LWC?

David Stirling - Yes, not this summer, in the winter.

Don Fawson - Anyway, Elliott, thank you. I appreciate that insight and we'd like to be able to have access to any information you have that you'd be willing to share.

Elliott Sheltman – I can give you multiple meeting minutes where we have had special sessions and in regular meetings with the LWC. Just to be clear on that, and I think David would agree all prior agreements, verbal, written or whatever they were in 2012, everything was paid back in spades to the LWC. So as far as that goes, it's an even playing field now where neither side owes the other side.

Don Fawson – Right, we totally agree with that. But, that has to be past history.

Elliott Sheltman – I can send the meeting minutes and dates if you would like.

Don Fawson – Yeah that would be fine, Thank You Elliott. So, one of the things that we are concerned about, and we are moving forward on is the idea that when water comes down and fills our tanks, the last tank that fills, is the Highlands tank, and then the overflow just dumps down near our Pump and then goes down the hill. If the overflow is sufficient into Grapevine Wash instead of the Creek. We want to be able to capture all that water for them. That's also our water as far as farming and those kinds of things in the area. So, we're reconnecting the pipe that goes from our distribution system to their weir. And we're still

taking all the water from the spring and putting it into our system and any excess at that point will be diverted back into their weir to be able to come into the town, to help feed their system. So that's a project that's happening right now.

C.) Administration Report

DISCUSSION	ENGINEERS
	<p><u>Kurt Allen</u> - To start this off. These two gentlemen that we introduced, Riley and Parker from Jones and DeMille Engineering, are sharing their time here with us this night, Parker traveled a couple of hours to be here for this meeting and I would like to give each of them a chance to introduce themselves, to tell a little bit about themselves and talk briefly about what they're working on for us and the direction that we're going.</p> <p><u>Parker Vercimak</u> - Thank you for the warm welcome and introduction. I'm Parker Vercimak. I'm an Engineer at Jones & DeMille Engineering and specialize in Water Systems, Springs, Wells, lots of things that are very applicable here in your area and hope to bring some expertise and some experience that we can help move forward with proactive solutions to some of your needs and then also we do have extensive funding, procurement background as well, so we help small systems like yourselves go out and get grants that are favorable, low interest loans and other things like that. So, lots of background and history that hopefully comes into play here and helps you move forward with a sustainable water system. Some of the projects that we want to talk about briefly and a little bit of background. I just want to commend the Board, the current Board now and certainly the previous Boards as well, we've been handed lots and lots and lots of reports and studies and informational things and thank Doris, for sending that over. We understand we're new to your area, new to the community, and certainly have a lot to learn and understand, and we appreciate all the system field trips, and the trip up to the well, and to the spring, and getting to learn more about your area. We want to be plugged in and understand those details and we have plenty of bedtime reading material to read through. But the beauty of all this is through proactive leadership, you're not necessarily in desperation, we have to have this or that today. But there are some growing needs and some growing concerns and so we want to help as opportunity arises and needs dictate, we want to be able to help you move forward in those steps. So, maybe not necessarily the biggest need, glaring need I guess I should say, but certainly a need that is applicable and a project that becomes more urgent just due to the opportunity to partner with the Conservancy District. The Conservancy District hopes to replace a line that runs down Main Street here. And as they go through that project of replacing their line, it would give LDWA the opportunity to come in and replace one of our existing 6-inch lines that has had some increased maintenance in the past, and my understanding is it has a high likelihood for some leaks. The beauty of that is the Conservation District, WCWCD, has already retained an engineer. They're going through and designing the water line. We can kind of ride on their coattails and for a reduced cost, get our design included in that and then save on the construction side of things as well by having the same contractor install both lines in the same trench. So, there's some huge benefits there. We hit the ground running on that last week and we're trying to get plugged in and figure out the next steps and what we are needing to do to be able to stay basically in Sync with what the Conservation District's doing as well as their engineer. Probably the most pressing need that has been touched on briefly as well, is the need to have a second source of water. Certainly, having a backup pump is a good thing. It's not uncommon or unheard of for well casings to fail and have a catastrophic failure of a well, and hopefully that wouldn't ever happen here, but certainly having a backup well pump helps if your pump fails, but if you're well goes out or is contaminated by some contaminant, then we're just relying on the spring and then vice versa, if the spring goes down for some reason or if its drought stricken or contaminated or anything like that. Then we're just relying on the well. There's some state rules and codes that go into the production of your sources and the summary of that is your source production with your highest producing source taken offline needs to meet your demands, which is your peak daily demand calculation. So, with just the two sources and I'm a little</p>

fuzzy on the El Dorado Well and how that all plays in I hope to get up to speed on that soon. But a new well is certainly warranted, and I know that there's a lot of history with the drilling of the Well in 2012 and why that didn't work out and were trying to get apprised of all that and another hydrogeologic engineer to bring a fresh perspective and hopefully provide valuable information so we can move forward with that. That is a huge need and as the droughts increase the need for that only increases.

Don talked about the spring. We were quite impressed to get up there and see the infrastructure that's in place. It always amazes me to see what The Pioneers constructed with little more than a pickax, and a shovel, a team of horses and maybe a drag line if they were lucky, it's absolutely incredible what's up there and the amount of water flowing was much, much more than that current pipe could handle. Once you start backing up springs, there's always a risk to push the water out somewhere else. Once you back it up, it can find somewhere else to go, and in the worst-case scenario is you lose the spring at that location, and you may have to go chase it. So that's obviously a concern. We did see one single root in there right now, but where there's one, there's many more to follow, so that could be an ongoing maintenance challenge into the future. And then there also appeared to be lots and lots of seeps and surface water in that area, so highly likely that we're not capturing all the water at that one location, and there's also a possibility that there's other seeps that could be developed and added to that spring flow that we wouldn't be able to capture by just redeveloping your current spring. So that's something we hope to learn a little bit more about and look into. And then there's countless distribution lines that could be replaced or upsized to ensure that we're providing adequate fire flow throughout the system. The general rule of thumb is homes less than 3600 square feet, you have to provide 1000 gallons per minute flow for 2 hours. For homes larger than that, it jumps up to 1500 gallons per minute. And then if you're in buildings such as a church or something like that, that's significantly over the 3600 square feet, then we're talking 17,150 gallons per minute. So, all of that's been accounted for through years and years of master planning efforts. I think you're in good hands that way, but there are some improvements that could still be done to help elevate the level of service in all areas to be above those minimums required by the state, and we hope to identify more of those and help narrow that project list down.

Kurt Allen - Everybody is going to get to know these gentlemen. They're going to be coming in front of you and keeping you apprised on a regular basis of their progress. What they're doing, what they're finding. Right now, they're working strictly on funding opportunities, and I also need to mention too that they're working with the Conservancy District engineers on the design of this pipeline on Main Street. So, their focus is on funding to try to find the funding. We were looking for an engineer and went through the request for proposal and qualifications for two engineering firms. Jones and DeMille came right to the top with their qualifications, and their experience, they just outshined in every category that we were looking for and they come to the table with a lot of horsepower. We're happy to have them because of our time constraints and the things we're up against. We're grateful for their experience and their ability to do that. So, we've been meeting with the Division of Drinking Water, DDW. We have had numerous emails going back and forth with their staff as well as their funding director, Michael Grange. Today we had a zoom meeting with Michael Grange, with the Division of Drinking Water, and we went over in a little more detail of what our needs are. We outlined all of these projects that we're looking at and he was quick to say that all of these projects qualify and fit into the square box that they put you in as either being approved or not approved for the division funding. But he encouraged us to put the Well and the waterline replacement with the Conservancy District in separate applications because of the time constraints of meeting WCWCD schedule. And so that's the direction that we've given Jones and DeMille, is to get that funding application turned in by July 6th. Here in two or three weeks. I believe that we have because of past Boards and current Board, we have been able to give them the support documentation that they need for the funding application, and I believe that's given J&M the comfort level that will allow them to meet that July 6th deadline.

Parker Vercimac - absolutely.

Kurt Allen - OK. What that does is that puts us on the Division of Drinking Water Board review on August 31st. And then they look at our application and they decide at that time whether it fits the square box, it checks all the check marks off, and it's approved for funding. Then they approve it to either move on for funding or they table it for future review. They usually send it back and you have to make some adjustments, resubmitted at that time, and get on a new schedule. Now, all of that's good news and it's real favorable news. However, the Division of Drinking Water doesn't have any money left for 2022. They're out of money for this year. They do have more money coming for 2023. But because of, who knows, COVID or whatever, the Federal Government is really slow in getting that money allocated to the State. They used to be able to plan on it being available in February of the year that it's allocated for. But now they're saying that it doesn't typically arrive until May, or the 1st of June. So, for these projects that we're working on, the money won't actually become hard money and available until May, June, or Midsummer of 2023. So, we're navigating through that. We're very confident that we can pull this off and make this happen, we're just going to have to have some patience.

Michelle Peot - So is there a way to get money from Washington County Conservancy, because we all pay property taxes into that? Is there grant process or something?

Kurt Allen - You know, Michelle, it's interesting that you would bring that up because we have talked to them about that. We're in the process of developing this partnership in this relationship and we've got to agree and create a memorandum of understanding with them. We're in the process of doing that and that's a possibility, we'll see.



Don Fawson - So, one of the things that I might just mention relative to that is that the WCWCD has a board that governs what they do and so forth. And some members of the board are more amenable to what you're talking about than others. On the one hand, one may look at it and say yeah, you've been paying in all his time. On the other hand, they may say, how many of you work and shop in Saint George, flush toilets, get the benefit of the water flowing down there and that kind of thing. So, the point here is that there is some value added, maybe fishing, maybe boating, maybe those kinds of things, but it's not equal to those people that are actually receiving pipeline water services. But it is something that we're having conversations on.

Kurt Allen - Thank you for bringing it up. That discussion has been started and we expressed our concerns just like you expressed them just then.

Parker Vercimac - Could I just add a couple quick follow up thoughts? I think Kurt painted a great picture of the funding reality and I just wanted to clarify two things. 1) The first question comes to mind for me is if the funding is not available until a year from now, why are we trying to submit an application right now? The short answer to that is, everybody around the State seems to be trying to accomplish projects right now and so really what we're trying to do is just get ourselves in line, if that makes sense. 2) There's a good possibility and Kurt alluded to this, and I should have elaborated on it sooner, but by splitting out the Well project and this Main Street line replacement, those are two projects that should be relatively quick through design. The Conservancy District has aggressive timelines on their water line replacement, we're trying to keep up with them on that and then, the Well, needs to go back through a Hydrogeologic study and doing a few additional things there. The well project could be something that could be bid out as early as this fall. So, both of those projects are on a very quick pace, potentially if we want them to be. So, the funding, if we get through and get to where we're going into construction for both of those projects, we could actually cut in line in the funding line, if you will, ahead of other projects that have been awarded already that may not be, the term that they use in the industry, shovel ready. So, we have two shovel ready projects essentially, we could potentially jump in line and then we could even get 2022 grant money that's already allocated to somebody else they're not ready to use and trade them. The benefit as well, is that we're not committed to anything once we turn the application in. It will go through a 60-day review process and then we'll go present to the Board Meeting in Salt Lake and then they'll discuss funding terms and all of that and then even past that point if we accept the funding, and it would be, first of the year or sometime early next year when we would close on the loan. So, the funding process takes quite a bit of

time. Our hope is if these projects are on an aggressive time schedule, we will just keep you poised for the opportunity to get as much grant as possible, low interest loan on the rest and keep it affordable as possible. That being said, if we need to, we have flexibility to change and scale down or do other things as the Board and shareholders affirm. So just wanted to tack that onto your comments Kurt. Kurt painted a very realistic picture but maybe if things fall our way just once, maybe it'll pan out a little bit quicker even and give us a good opportunity. We just don't want to close the door on that potential opportunity but take advantage of it.
Kurt Allen – Thank you

D.) Financial Report

DISCUSSION	FINANCIALS [Doris McNally]																																																													
<p>BILLING</p> <p>Billing for May was completed and mailed on June 2nd. On the reverse side of the bill the New Drips Article promoting shareholder to voluntarily participate in a home cross control evaluation for improving the safety of their individual system.</p>	  <p>Need to contact the LDWA, it's simple. Phone (435) 879-0278 Please leave a message, your call will be returned promptly.</p> <ul style="list-style-type: none"> To report an EMERGENCY water leak or a loss of water PRESS 1 For a BILLING INQUIRY, PRESS 2 For a GENERAL INQUIRY, PRESS 3 <p>Your message is immediately routed, and a LDWA representative will be in contact.</p> <p>Email LDWAcorp@infowest.com</p> <p>We hope each of you are aware that the State is implementing a hazard control plan to minimize the possibility of waterborne contamination to both individual homes and the LDWA system as a whole referred to as "Cross Contamination." This will program will help reduce the chances for waterborne illness thus protecting our health and wellbeing.</p> <p>Each homeowner can voluntarily ask for a home cross control evaluation which will provide recommendations for improving the safety of their individual system. All recommendations will be in accordance with State and International Plumbing Code Standards.</p> <p>While you are encouraged to ask for an assessment and complete some or all of the recommendations, both are voluntary.</p> <p>All suggested system upgrades are at the expense of the individual property owner and may be completed in stages as time and personal funds allow.</p> <p>Part of keeping our water system secure is for each shareholder to be proactive in ensuring proper water connections. Let's all do what we can to keep our water safe. Thanks for your cooperation.</p>																																																													
<p>PAYCLIX</p> <p>In May we had 53 shareholders pay their bills using this payment option. Representing 13.2% of our shareholders</p> <p>The total amount collected through PayClix was \$2,944.37. With 51.3% paid via credit cards & 48.7% via echecks.</p>	<table border="1"> <thead> <tr> <th></th> <th colspan="2">Credit Cards</th> <th colspan="2">Electronic Checks</th> <th colspan="2">PayClix®</th> </tr> <tr> <th></th> <th>Count</th> <th>Credit Cards</th> <th>Count</th> <th>eCHECK</th> <th>Count</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Jan-22</td> <td>33</td> <td>\$2,149.28</td> <td>13</td> <td>\$641.94</td> <td>46</td> <td>\$2,791.22</td> </tr> <tr> <td>Feb-22</td> <td>30</td> <td>\$1,574.26</td> <td>19</td> <td>\$1,047.57</td> <td>49</td> <td>\$2,621.83</td> </tr> <tr> <td>Mar-22</td> <td>33</td> <td>\$1,961.13</td> <td>20</td> <td>\$846.85</td> <td>53</td> <td>\$2,807.98</td> </tr> <tr> <td>Apr-22</td> <td>34</td> <td>\$1,547.00</td> <td>16</td> <td>\$1,068.23</td> <td>50</td> <td>\$2,615.23</td> </tr> <tr> <td>May-22</td> <td>33</td> <td>\$1,510.34</td> <td>21</td> <td>\$1,434.03</td> <td>54</td> <td>\$2,944.37</td> </tr> <tr> <td></td> <td>163</td> <td>\$8,742.01</td> <td>89</td> <td>\$5,038.62</td> <td>252</td> <td>\$13,780.63</td> </tr> </tbody> </table>							Credit Cards		Electronic Checks		PayClix®			Count	Credit Cards	Count	eCHECK	Count	TOTAL	Jan-22	33	\$2,149.28	13	\$641.94	46	\$2,791.22	Feb-22	30	\$1,574.26	19	\$1,047.57	49	\$2,621.83	Mar-22	33	\$1,961.13	20	\$846.85	53	\$2,807.98	Apr-22	34	\$1,547.00	16	\$1,068.23	50	\$2,615.23	May-22	33	\$1,510.34	21	\$1,434.03	54	\$2,944.37		163	\$8,742.01	89	\$5,038.62	252	\$13,780.63
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<p>FINANCE</p> <p>May's Total Income was \$36,490.02</p> <p>There are 4 Major categories for Expenses:</p> <p>1) <u>Ordinary Admin Operating Expenses</u>: \$4,873.00, which represents 5.7% of our expenses. This number is higher due to the payment of our yearly D&O Insurance Policy.</p>																																																														

2) Ordinary Professional Operating Expenses: **\$1,998.27**, which represents 1.2% of our expenses.

3) Ordinary Field Operating Expenses: **\$75,812.16**, which represents 88.9% of our expenses.

This number is high due to the fact that a 2021 EOY principal payment on our DDW Loan 3F138 was logged into May.

4) Ordinary Operating Payroll & Taxes: **\$3,577.72**, which represents 4.2% of our expenses.

The LDWA's Banking Accounts Stand at: (06/15/2022)

CHECKING ACCOUNT:	\$40,697.94
EMERGENCY REPAIR & MAJOR PROJECT RESERVE	\$284,542.94
DDW LOAN #3F138 FUND	\$36,472.17
IMPACT FEE ACCT	\$41,028.95
SAVINGS ACCOUNT:	\$362,044.06

E.) Shareholder Comments

DISCUSSION	Again, we would ask you to limit this to 3 minutes come to the podium and state your name please
<p><u>Michelle Peot</u> - I really appreciate you partnering with Susan Savage because I think she does a great job of keeping on top of water rights, and also filing the protest for the Toquerville reservoir. On a related note, I've been doing a lot of work to kind of keep tabs on what's happening in Toquerville with them green lighting, a lot of development, and I created this map. These are estimates based on full occupancy of units that are in the master plan and these calculation of .69-acre feet per year at full occupancy. And yes, I know that development now is slowing because of the economy, but I think it would be a good time to, for example, talk to the Water Conservancy District about stronger measures, not just voluntary conservation or getting water from other places. I think there's a high likelihood that the Lake Powell pipeline is not going to go through. And it's not enough just to ask for voluntary conservation and try to scramble for water in other places.</p> <p>The other point that I thought was really important that Susan brought up is the interconnectedness of the aquifer. I've heard a prior Board Member State erroneously that our water is quote, "separate" from the water that Toquerville and others are getting. But there's one Aquafer so, I do have major concerns if they're going to be truly drilling these, deep wells, and what the impact is going to be on us. So perhaps when you are negotiating for the Memorandum of Understanding that's something that you can ask. I brought some maps from one of their documents, which was the petition for classification of their Aquifers, so there's Aquifer maps as well as how the groundwater and runoff recharges Aquifers. And, for example, with the Toquerville reservoir, they're planning to recapture a lot of the groundwater and so then the question is, how is that going to impact the aquifer recharge because that's going to impact us.</p> <p><u>Doris McNally</u> - Michelle thank you so much. Is this similar to the information you posted on to Leeds families Facebook?</p> <p><u>Michelle Peot</u> - Somebody might have posted that for me.</p> <p><u>Doris McNally</u> - That's great information. Can we get a PDF copy?</p> <p><u>Michelle Peot</u> - Yes, I have the full copy of that petition, and then there's a USGS one that has similar information on aquifers. But I told Alan I felt like they should be required reading for Board Members to really understand their local hydrology. I will email the PDF's.</p>	

Don Fawson - Michelle, have you thought about going down and actually talking to anyone at the Water Conservancy.

Michelle Peot - Ralph and I have a meeting on Friday.

Don Fawson - We've had a chance to talk to them and get some insight. They're looking and trying to do a lot of capturing of even sewage and other kinds of things and repurposing that.

Michelle Peot - I acknowledge that they're doing things. But the problem is, is it's not enough just to do that. We also have to talk about what's realistic zoning around here in order to ensure that we have a sustainable water supply.

Don Fawson - I think they're looking at a lot of those kinds of things too, so I'm interested to see what you find out.

Ralph Rohr - I second with Susan and Michelle and what they both said and what they were talking about. I want to turn attention briefly to what I think is the most urgent problem we have, which is the secondary water source. And I've heard many different things about the Well at Eldorado. And have yet to hear what can be documented or proven. I went back through the minutes; it was said by someone previously that a meeting was held, and the board approved doing the takedown of the Eldorado well. The Minutes have nothing about that in it, no discussion of what was wrong with that well or anything else. So, I think it's very important that we set our engineer friends on that El Dorado well because if that well can be made serviceable, perhaps deepens or something. That's a way to deal with our secondary water source supply. And I don't care about incriminations of what's happened in the past, but I do care about starting on that, as soon as possible, and this is an urgent thing.

Secondarily are you guys' expert in cross connections. Can you make these people utilize this program or educate a few of us citizens or whatever?

Don Fawson - Yeah, that, would be way out of line with what we're asking them to do. It would just be too expensive. We can find a cheaper way to achieve this. We're going to send you to school Ralph.

Ralph Rohr - You never can tell. Finally, a member of this board in the past, that person has several times asked me to get in touch with Elliot Sheltman about the previous water company and all the things that Elliot did, I will say that in 10 years, Elliott came into a water department that was about to be given up, thrown away, and turned it into a first-class business operation. And a person on this Board, current Board asked me to connect with Elliott but wanted it to be sort of subprocess so that nobody was knowing that he was talking to Elliot, and I think that was unfortunate. Elliott, I've heard several times, volunteer to help and give information and support to all of you, and I really want to suggest strongly to this board that they utilize his willingness, even if it's a small contractual fee or whatever to help out, because he's got a lot of knowledge, a lot of experience, it's something that would be advisable from a part of the board. Thank you very much.

Don Fawson - Thanks Ralph, and that individual was me, and I just want to say that it certainly was not to be subversive or anything else. It was to find out information and I know that Elliot does have a lot of information that is valuable. I mentioned that the information he brought up at the last meeting relative to the agreement with LWC was part of that conversation.

Jim Vasquez - Thank you all for serving. I know all too well what you're going through. Some of you don't know me. My name is Jim Vasquez. I did nine years with LDWA. And the reason why I came today is I just have questions about the El Dorado tank. David mentioned about a second pump, and I was actually involved when we went to put that back in operation. When I went there with Mark, it was filled up with rats that had got in there, field mice had torn up the existing stuff and it had not even been working for many years, but I have a background electricity, so me being me, I start connecting wires and it started pumping water. So, then we went ahead and took that water and took it up to the State, and it past. So, we had it working and I saw the tank was full, it worked, and so I'm just curious. I've heard so many things and I don't like to go by hearsay. So, I want to know why this was taken down? Believe it or not, somebody actually sent me e-mail pictures, I don't even know this person, of how the thing looked, it looked like it was bulldozed. So just please answer my questions.

Don Fawson - First of all, The Well House itself was a mess and it was leaking up there. The decision was made to take the House down, but that was it. To take that down and rebuild the structure that would be better suited to protecting that well. In the process of that happening, as I understand it, because I wasn't there at the time, I don't know whether they moved a pipe, or they did something, anyway Mark said that whoever previously set the pump and the piping had not put the set screws in, that held that together. And at that point the piping and the pump dropped down into the well. It was an unfortunate accident. It was never intended for that to take place. As far as the functioning of that tank is concerned. It's my understanding from what Mark told me that the pipe from the Pump ran into the pipe in the bottom of the tank, and that was the same pipe that actually was supposed to bring water out of the tank. Which, from my point of view is - first of all incorrectly installed. You should have some kind of pipe going up over the top of the tank or run into the tank and filling from the inside top and then draining out the bottom. So, there are some issues with that. The other problem is also the elevation of that tank relative to the remainder of our system. So, if that water line was opened the pressure in the system itself would backfill into the tank, that it was not sufficient to be able to come down hill. So, as I understand from what Mark told me, and again he would be the expert on this, is they could fill the tank but then they had to shut it off and then just use pressure from the pump to actually pump water into the system, if that makes sense?

Jim Vaquez - It does. Just one more question. So, the well, you're going to re-store it. Is that what the plan is? Is the Well a viable Well?

Don Fawson - At this point the plan is to check the pump, make sure it's there, make sure we have the equipment to be able to do that, if in fact we decide that that's the best thing to do. We're actually setting up a monitoring port so we can monitor that well and see what the water level of the well is and so forth. So, that if in-fact for some reason it ever came to the point where we needed to do utilize it, that we could use that as our backup. But we will have the engineers look at it, see what they think and go from there. The primary thing that we're after right now is a well up higher so that we can use it for the Highland tank and the other tanks without having to get into a lot of this pumping issue with differences in pressures and all those kinds of things.

Jim Vasquez - So that's really expensive, but you guys already know that. Thank you.

Don Fawson - And part of this, whole thing is the amount of grant money we can get as opposed to loan money and that kind of thing. I think the other thing that we need to make sure everyone understands is that one of the things that the lending agencies do is they look at the income level of the people in the service area. I don't remember the acronym they use for that, but basically, they'll look at the monthly adjusted gross income (MAGI) and then they'll look at our fee structure and see if it seems to fall within what they determine water rates should be relative to other areas in the State including the loan and grants and everything else. So there probably is going to be an increase in fees as a result of that. But I think that one thing that we all need to understand is when I first moved to town water was \$5 per 40,000 gallons. A hook up was \$150. There was a time when we upgraded the pipeline out here from 3-inch and 2-inch up to 6-inch. We built the old cement tank and drilled the well. Everybody was really concerned about the cost of that, and likely so. There was a fee of \$400 that you had to pay right off the bat, or you could go out and work in a trench. A lot of us did, we went out with a pick and shovel and after our old, dilapidated backhoe worked its magic, and Russell Stringum came over from hurricane with his dynamite wagon and blew things to smithereens we got down in the ditch, cleaned out the debris and bedded the pipe. That's how we installed it. But it worked and ultimately everybody was blessed by that. And all I'm saying is that what we're trying to do in this whole thing is to upgrade this system because I see interest rates climbing, materials prices climbing, I see all kinds of things going on including this drought. We hope that it doesn't go on very long, but it could. We need to be able to have every resource that we can have including the Highland's Well, the new Well, The El Dorado Well and all those things online so that's where we feel we need to be headed right now.

Michelle Peot – Have we looked at adjusting the tier structure because I am a 1000 gallon less a month user and I'm ok with fees, but I feel that another thing that could be done is to adjust and what if we model that out, how would that impact the needs.

Don Fawson -That needs to be looked at too, the other concern that we have in this whole thing is that some of us are more able to take the hit on an increase of fees and others are not. We want to make sure that those that are on the insufficiency level are taken care of.

Michelle Peot - I get that, but we all could do more to conserve as well.

Ralph Rohr – When you start considering the adjusted gross income or whatever, let's not forget that \$20 of the current water bill is paying off the previous pipeline project and that has been paid off rapidly and in advance and is getting close to pay off and that really should be reverted back to the citizens of Community or be used for the additional projects that are needed. So, I'm saying an increase in water fees, I think we ought to look at taking that \$20 and applying it because we've almost got that paid off and we should be continuing to pay in advance, right?

Don Fawson - No, we should not be continuing to pay in advance. Here's the problem you get into right now Ralph. When there's needs like we have out there and you have a situation where inflation is spiraling, and the Fed is raising the interest rate, you better be investing in infra-structure, using that low interest money, rather than paying things off and then taking a high interest loan.

Ralph Rohr - I agree that does make some sense with the current situation. What is the balance of the loan?

Kurt Allen - The last I saw was around \$350,000.

Angie Rohr - It's been a good meeting so far. Lots of information coming out and I appreciate the background that Susan contributed at the beginning. I particularly like the reference to the Ogalala Aquifer for which, in the middle of our country, is under about five to seven states. And they've been doing that kind of superdeep drilling and it has really depleted the aquifer and endangers the center of our country. Conservation of water is vital. I've been a conservationist all my life, so I think that's a really important Question. Has the Board contracted a water rights lawyer to guide us and protecting our LDWA rights to the Oak Grove Spring in light of the recent sale of the surrounding property, but it's nice to hear that maybe it isn't a surrounding property. That's to be decided.

Don Fawson - We have a water rights attorney. We have not specifically directed them to this yet because we're waiting for this to play out, if that makes sense, because that's basically what the attorney is going to do, only charge us money to do it.

Elliott Sheltman - Just really quick with the irrigation company, I believe that what you're planning on doing here should be discussed with the public forum. I also believe you should maybe involve, the shareholders in a vote. There's no connection with us and the LWC. There was and we separated ourselves from them for a reason and the majority of shareholders on the culinary side don't receive any benefits from the irrigation water. You got about 130 units or 130 homeowners who get irrigation water, the rest, the other three quarters get nothing. There's no benefit for them. And if you're combining the water through a pipe, you're creating all kinds of problems that we worked hard to separate ourselves from. That's all I want to say about that.

David Stirling – Elliot, I agree with you. I don't I think that the LWC water should be dumped out of the spring because there's that carrier water coming down. So, in my opinion, and I may be wrong and maybe other people feel different in both companies, but from what I understood, what the water engineer was saying is that instead of LDWA transporting our water in their pipeline, it should be dumped out at the spring into the Creek.

Elliott Sheltman - As it was before, as it has been. The other thing is the metering, you got to meter on both ends, the LWC has to put in a meter, the kind that's specified in the contract. But that's all I want to do with that because I wasn't planning on talking about that tonight.

Our postcards that we got. We all got this on our bill. Water reliability, it's got good stuff on it. It's the kind of stuff we used to send out to homeowners before and I'm glad you're continuing it. It talks about the

states implementing a hazard control plan to minimize possible water contamination to individual homes, the system as a whole, referred to as cross contamination, then down here in the second paragraph says all recommendations would be in compliance with State adopted International Plumbing Code Standards. As you're legally obligated to do, I'm the guy who wrote about 309-550-11. The LDWA put that into policy in 2015. It's nothing new, the state isn't implementing it, they did it back in 2014. We took it seriously. We believe that you need to stay in front of this stuff, you don't wait until there's a cross connection issue. People are either damaged or you've got some sort of legal responsibility. So, we enforced it, we talked to our attorney, David Hartvigsen, we talked to DEQ, Paul Wright. I've got the emails through there if anybody wants to see them, but basically we talked to Paul Wright and Robert Beers from the Southwest Health Department and they agreed with us that the policies we put in place based on 309 -550-10 International Plumbing code, Chapter 330.6 under utility connections, both state that the service lines must be capped. It says shall, that means must, Legally, there's no wiggle room there. You're not supposed to put a water tap on a service line. There's a reason they put that in place. There's a reason International Building Code requires that, because of the possibilities of cross connection, they're just saying we won't even let that happen. Now a state person somewhere may have told you, 'Well, it's up to you guys to decide,' but if I bring that state person in here and say point blank – Are you telling me I don't have to follow that rule? *They won't answer it, or they'll say no, I would never tell you that.* The policies we've put in place were also carried over a water meter installation application. There is one across the street from me that's got a tap on it. There is also one on Wells Fargo that is on an empty lot. The LDWA is part of this, as far as this resolution and these policies. If you get a water meter installation application, it says new home construction. It was revised 2020 but put in place about six years ago and what it says is you *have to provide a recorded building permit, septic report, engineering drawings*, the reason we did that is so we wouldn't step on the toes of the town, because we wanted to make sure that we didn't put something in before they were prepared to deal with it. It doesn't say on an empty lot, the one on Wells Fargo is on an empty lot. Per our policies we put in place were legally challenged, and we legally defended and prevailed them, I can show you the example of what happened there and other meters that were removed. We don't allow meters on empty lots, that needs to be removed. The one on Wells Fargo, you give them 10 days' notice and then you remove it. But tomorrow it needs to be capped. Per state law, they called Rule 309, but it's indeed state law, you don't have an opportunity to debate it. It is what it is and the policies we set in place and legally defended and prevailed in, those people are still out there, and I don't know what you're going to tell them when they come up here and say, well, you're letting them do it here, I want my service line back and my meter so that I can put a faucet on it. One of them was a lot where the house was literally demolished, burned down. And again, I've got the meeting minutes here, LDWA water rights Attorney reviewed 'LDWA proposed, resolutions and policies and verify the policies requirements prior to official approval and adoption by LDWA board'. This is in 2016. So, I disagree with what you said, and I think that those need to be dealt with and the way to deal with them is to remove them. Your required again under 309-550-04 General Board has establish rules for the design construction of water quality, water treatment, contamination, water on and on. Your requirement to follow that and we've done it. We've set the Precedence for it, and you can't just ignore it at this point.

Don Fawson – We are not ignoring it, like I said, I check with every city that I mentioned here and that's the way that they handle this as far as new construction is concerned. I also checked again with the Division of Water Quality and talk to them about that and that they gave the same thing. That you can put that in temporarily in order to serve the construction needs of a home.

Elliott Sheltman - - That's not what it says.

Don Fawson - That's your opinion.

Elliott Sheltman - No, it's not. It's the opinion of DEQ and Paul Wright. And I have an e-mail stating such.

Don Fawson - Thank you, Elliott. Appreciate it.

Elliott Sheltman - You know, for ten years we worked putting this company back together, a lot of people worked really hard at it. You guys haven't even read this ****. You haven't paid any attention to anything

we set up; you're tearing out Wells. We had a double system for this community. We could run two systems independently; each one provided all the water needs of the people Leeds.

Don Fawson - We'd like to see how that was done, we'll, talk to the engineer about that. Thank you.

Anyone else?

Ralph Rohr - Just a quick word on this cross-connection issue, I think it can be dealt with in a reasonable fashion. First of all, I've seen the tap on Wells Fargo. There's a hose connected to it; it's lying there in the dirt. It's a perfect opportunity for a cross connection violation. It's just lying there in the dirt, I don't know if its irrigating Oleanders there or what, but it's really not necessary. And that one, I think as Elliot has pointed out, should be enforced. The other one I'm personally familiar with because it's my neighbor next door who's building his house there and I go out and make sure the guys put the hose in a safe place and it's not draining. But that's easily solved too. There's a fire hydrant right there. LDWA has the devices that hook on to the fire hydrant and meter it. Unfortunately, I think the rates that were being charged to homeowners to use that device, something like \$50 and then \$25 a day. These people have already bought their lot, they've already got their water tap and just put the device on the Fire hydrant, with the meter and charge them what we charge any other homeowner for water. There I think the problem is solved, but the ones that are blatant violations like on Wells Fargo like, Elliott has said probably should be dealt with a little more forcefully and that's the best thing.

Don Fawson - I'll be glad to talk to Paul Wright about his opinion on those things. But we will continue to allow people to put a tap on the end. They should have an HBVB (Hose Bib Vacuum Breaker) on the tap just to be able to make sure that we're not getting cross contamination. Like I said, everybody in the county does this and one of the things that I ask these people, 'I said have you ever had a backflow issue as a result of this?' And the answer is NO, they never have. And the interesting thing is, like with St. George and maybe some of the other cities to, I did ask them specifically, is that the contractors are actually the ones putting in the meters and everything else. They don't have enough inspectors to be able to go check every one of them. We are in a much better position because we're installing our own meters. My thing is this; Again, like I said, we went to Utah Division of Drinking Water, backflow specialists, and he said, 'he *doesn't see a problem*' and as well as these other towns and cities. There has to be some common sense in what we can allow people to do to be able to get construction done. It happened with all your houses, and now it's not.

Ralph Rohr - I agree with you. There has to be some common sense. That's what I'm trying to introduce here at this point because what I don't agree with you is if the water division comes and says you people are violating things. You are saying it's OK to violate it and you say, oh well, I talk to somebody. He's not going to be there to back you up.

Don Fawson - Maybe he's going to be the one to look at it and says it's perfectly fine. I don't know, you know, but I'll talk to Paul Wright

Ralph Rohr - and it's just as easy to put a meter on the fire hydrant while the building is going on, and you're going to get better pressure anyway.

Don Fawson - You're not going to get any better pressure. The thing about putting it on the fire hydrant is a lot of times you have to cross the road in order to get water from a fire hydrant, you don't have access right there on your property.

Ralph Rohr - Well, this particular one wouldn't. They stand out there with the garden hose spraying and spraying and spraying water. I watch. It's not that I'm worried about it, but I do think there's a way to solve the problem.

Don Fawson - You know, if you're talking about settling the dirt and whatnot. Of course, they do come and get a meter, they set it up, and they run their hoses and that kind of thing. But that's large volume. We're talking about smaller stuff.

Ralph Rohr - Well, this is large volume what they're doing, and we've had a whirl wind of dust out there and they are trying to put it down.

Don Fawson - They should be taking care of that with a fire hose. Anyone else? OK, I will accept a motion to bring the meeting to close.

I MAKE A MOTION TO CLOSE THIS MEETING

ACTION	BOARD MEMBER	VOTE	DATE
MOTION:	Kurt Allen	X	6/15/2022
SECOND:	Doris McNally	X	6/15/2022
VOTE:	Don Fawson	Yea	6/15/2022
	Kurt Allen	Yea	6/15/2022
	Doris McNally	Yea	6/15/2022
	David Stirling	Yea	6/15/2022
	Alan Cohn	Yea	6/15/2022
RESULTS:	PASSED		

Don Fawson – Again, thank you for coming, appreciate the opinions, you know we don't always agree but that is to be expected and I think it is healthy.

VI. ADJOURNMENT: [8:40 PM Don Fawson]



Layna Larsen, Corporate Secretary

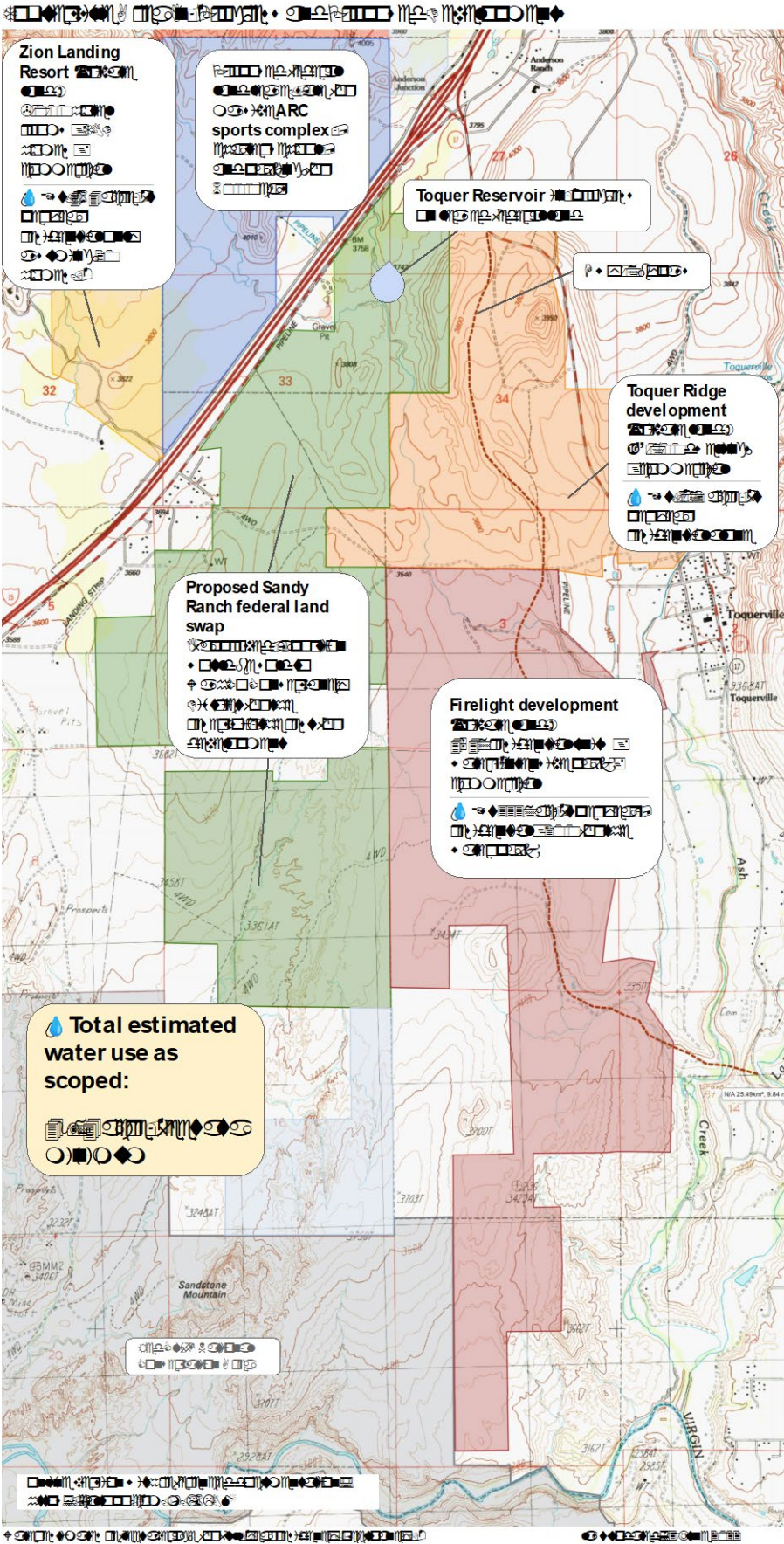
Residential Water Estimates for Major Toquerville Area In-flight Development Projects

Note: Does not include commercial or landscaping use.

Development	Unit Type	Number of Units	Partial Year Residency Estimate (indoor only)*	Full Year Residency Estimate (indoor only)*	Full Year Residency Estimate (from Mayors' lunch)^	Source	Comments
Firelight	Equivalent Residential Unit (ERU)	4547	1137	2046	3137	Firelight Development Agreement	
Firelight	Water-based recreation park (year-round ski slope, etc.)	N/A	200	200	200	Firelight Master Plan	Developer-provided volume
		Firelight Subtotal	1337	2246	3337		
Toquer Ridge	Dwellings	1699	425	765	1172	Toquer Ridge Master Plan	
Zions Landing Resort	Hotel rooms (minimum)	1000	250	450	450	Zions Landing Resort Investor slides v2.0	Used indoor number assuming savings on multi-floor accommodations.
Zions Landing Resort	Residential and vacation homes (estimate)	20	5	9	14		
		Zions Landing Subtotal	255	459	464		
		Total	2017	3470	4974		

* Based on UT water rights guidelines of 0.25 acre-ft per family per year for part-year residency, 0.45 per family per year for full-year residency (indoor use only). source: <https://www.waterrights.utah.gov/wrinfo/policy/wateruse.asp>

^ Estimate from Mayors' lunch 0.69 per family per year for full-year residency. Older WCWD presentations state 0.83 acre-ft.



Zion Landing Resort

- Residential lots
- Commercial buildings
- Public facilities
- Water features
- Drainage patterns
- Topographic contours
- Infrastructure
- Vegetation
- Soil types
- Utilities
- Other features

ARC sports complex

- Sports fields
- Recreation areas
- Public facilities
- Water features
- Drainage patterns
- Topographic contours
- Infrastructure
- Vegetation
- Soil types
- Utilities
- Other features

Toquer Reservoir

- Water body
- Shoreline
- Drainage patterns
- Topographic contours
- Infrastructure
- Vegetation
- Soil types
- Utilities
- Other features

Toquer Ridge development

- Residential lots
- Commercial buildings
- Public facilities
- Water features
- Drainage patterns
- Topographic contours
- Infrastructure
- Vegetation
- Soil types
- Utilities
- Other features

Proposed Sandy Ranch federal land swap

- Residential lots
- Commercial buildings
- Public facilities
- Water features
- Drainage patterns
- Topographic contours
- Infrastructure
- Vegetation
- Soil types
- Utilities
- Other features

Firelight development

- Residential lots
- Commercial buildings
- Public facilities
- Water features
- Drainage patterns
- Topographic contours
- Infrastructure
- Vegetation
- Soil types
- Utilities
- Other features

Total estimated water use as scoped:

- Water features
- Drainage patterns
- Topographic contours
- Infrastructure
- Vegetation
- Soil types
- Utilities
- Other features

Water features

- Drainage patterns
- Topographic contours
- Infrastructure
- Vegetation
- Soil types
- Utilities
- Other features

Water features

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- Other features

Water features

- Drainage patterns
- Topographic contours
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- Utilities
- Other features

WHEN IS A COW MORE THAN A COW?

When it's food—

milk, butter, cheese
ice cream, yogurt, meat
cooking oil, shortening, margarine
gelatin for marshmallows,
ice cream, canned meats
natural sausage casings
flavorings
plant food
dyes, cake mixes
imitation eggs (use cow's blood)
pasta, imitation seafood
deep-fry batters
refined sugar

When it's industrial—

binders for plaster & asphalt
base for home insulation
industrial oils and lubricants
tires
tallow for tanning
explosives, chemicals
biodegradable detergents
pesticides, fertilizer
flotation agents
antifreeze, hydraulic brake fluid
car wax
bone char for ball bearings
runway foam
waterproofing, cement
biodeisel, cement
ceramic, chalk
fireworks, matches, linoleum
charcoal, glass
lamination, plywood, sheetrock
adhesives
car wax

When it's medical—

for safer childbirthing
settling upset stomach
preventing blood clots
controlling anemia
relieving symptoms of hay fever
and asthma
helping babies digest milk
insulin (1.25 diabetics require daily
insulin, with 6 cattle to keep one
person alive for a year)
burn and wound treatments
pancreatin for digestion aids

glucagon for hypoglycemia
intestines for medical sutures
blood plasma treatment for
hemophilia, killing viruses,
treating RH factor types
bone marrow for blood disorders
plastic surgery
spinal cord for hormone products
intestines for medical sutures
adhesives
base for ointments

When it's cosmetic—

soaps, lipsticks
face & hand creams
nail polish remover
deodorants
makeup, perfume
shaving cream
shampoo
from the brain anti-aging creams

When it's athletic—

tennis rackets (entrails of 4 cows
needed to make the webbing for
one tennis racket)
catcher mitts, etc.
footballs (about 2 million new
cowhide footballs are made
annually by Wilson for the NFL,
requiring about 35,000 cowhides
each year, with about 22 cowhides
for one NFL Super Bowl—each
team gets 54 for practice and 54 for
game day, equalling 216 footballs
for one Super Bowl event)

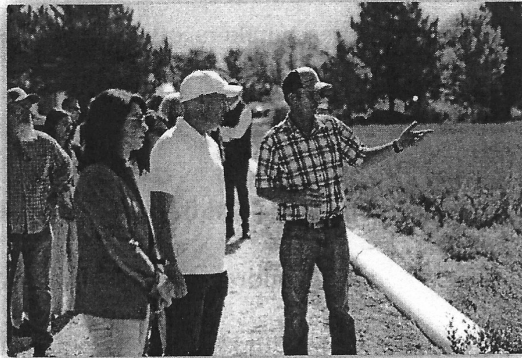
When it's miscellaneous—

chewing gum
purses, wallets, shoes, belts
seat covers, charcoal, glass
buttons, bone china
piano keys, glues
gelatin for photographic film
paper wallpaper, sandpaper
combs, toothbrushes
paint brushes, candles
violin strings, dish soap
dog food, rawhide
laundry pre-treatment
toilet paper softener
dish soap, crayons, printing ink
fireworks, matches, linoleum

If you happen to ever use any of these things, thank a cow; also please thank a dairyman, a cattle rancher, an alfalfa producer, and a veterinarian.

DROUGHT ON UTAH'S AGRICULTURAL SECTOR

Tags: [Rural](#)



LAYTON (July 16, 2021) — Gov. Spencer J. Cox joined Lt. Gov. Deidre Henderson, Utah Department of Agriculture and Food Commissioner Craig Butters and Layton farmer Tyson Roberts to discuss the adverse effects of Utah's lingering drought on the state's farms and ranches.

"Utah farms and ranches have seen water cuts from 70-75% across the state," Gov. Cox said. "I'm grateful to our farmers and ranchers for doing their part to conserve water, but we know these cutbacks will have a direct effect on the food we eat and on every aspect of our economy. As a state, we stand ready to help our farmers and ranchers through an extremely trying time."

According to the Utah Department of Natural Resources, 100% of Utah is experiencing drought conditions. At 58% of normal, Utah reservoir levels are lower now than they were at the end of the 2020 irrigation season last October.

Knowing water would be scarce this year, farmers planted less hay and alfalfa. The resulting shortage in feed has caused prices for hay to skyrocket, doubling over the last few months, according to the Utah Department of Food and Agriculture. Because it's become too expensive to feed livestock, some ranchers are selling off their livestock, with some auctions reporting a 300% increase in cattle sales.

It will take years for Utah's agricultural sector to recover, said Commissioner Craig Butters of the Utah Department of Agriculture and Food.

"The effects of this unprecedented drought are massive and will be felt by every sector of the economy," Butters said. "We must work to support farmers and ranchers to support food security locally and ensure producers are able to maintain economically viable operations and can continue to grow and raise food and fiber for us all."

Subscribe

Tyson Roberts, who owns and operates Roberts Family Farms in Layton, said farmers use science to raise more food on less land and using less water, but the drought has farmers struggling.

"Both the quality and the yield of our crops are down," Roberts said. "We're in survival mode and we appreciate the state offering help during this difficult time."

For more information about how the state is helping Utah farmers and ranchers, please visit ag.utah.gov/droughtresources/.

Search

Recent Posts

Gov. Cox and First Lady Cox recognize Utah artists
SALT LAKE CITY (June 13, 2022) – Utah Gov. Spencer J. Cox and First Lady Abby Cox will honor Utah artists who positively impact the arts and their communities with the 2022 Governor's Mansion Artist Awards. This year's honorees include performing artists Richard Elliott, Tabernacle Choir Organist; Paisley Rekdal, Utah Poet Laureate; and Clytie Adams, [...]

June 13 – June 18, 2022: Gov. Spencer J. Cox and Lt. Gov. Deidre M. Henderson's Schedule

Events labeled Media Access indicate that an event is open to media. Events labeled Media Availability indicates that an event is open to media and that a media Q&A is planned. Please note that if a remote surge day is called the Governor and Lt. Governor's schedule may change. Gov. Spencer J. Cox's Schedule Monday, [...]

3 ways we're working to preserve Great Salt Lake
Great Salt Lake is an indispensable natural resource. Here are a few ways the state of Utah is working to protect the lake and the wetlands that surround it. Improving watershed management Management of water is critical to safeguarding Great Salt Lake. In the past year, we've signed HB410, which creates a \$40 million trust [...]

Gov. Cox and UDVMA recognize Servicemember of the Year award recipients

SALT LAKE CITY (June 9, 2022) — The Utah Department of Veterans and Military Affairs and Governor Spencer J. Cox participated in the second annual Servicemember of the Year Awards ceremony on Thursday afternoon. The purpose of the awards was to recognize the outstanding performers from each of the major military entities in the state [...]

Utah Division of Technology Services completes massive data server transfer

SALT LAKE CITY (June 2, 2022) – The Utah Department of Government Operations and Division of Technology Services (DTS) are celebrating the landmark transfer of the state's data center from the Utah State Capitol to the state office building in Taylorsville. This means the state phone system and call centers, the print center, the state [...]

Issues

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RT @ElectionsUtah: The deadline to register to vote AND receive a by-mail ballot is this Friday at 5 p.m. You can still register and vote

Glossary of Terms

You may seldom need this information, but if you hear people talking about water, it might be nice to understand what they're saying:

- adjudication**.....a court declaration of the assignment of water rights.
- readjudication**.....a reassessment of water rights and whether they are still being used in accordance with the original awards.
- af or ac.ft.**means "acre foot." An acre foot is the amount of water needed to cover 1 acre of ground to a depth of 1 foot.
- aquifer**.....underground rivers or lakes.
- cfs**.....means "cubic feet per second." This is a measurement of the quantity of water being produced by any moving water source. While a stream moves on its own, a well must be test pumped to determine how many cfs can be pumped without impairing the underground source.
- Colorado River Compact, The**.....The Colorado River Compact is a 1922 agreement that governs the allocation of the river's water rights among the seven western states through which the river flows.
- creek**.....a narrow, sheltered waterway, tributary to a river.
- DDW**.....Division of Drinking Water - Utah Department of Environmental Quality.
- DWR**.....Division of Water Rights
- drainage basin**.....any area of land where precipitation collects and drains off into a common outlet, such as into a river, bay, or other body of water.
- duty factor**.....the total depth of water required for a crop during the entire period the crop is in the field. A number is set by the State which is used to designate the number of acres one "c.f.s." of direct flow is required to irrigate, or the amount of stored water in "ac.ft." required to irrigate one acre. The current duty factor for our area is 6.
- filing**.....an application filed with the State Water Engineer in an effort to obtain a water right or the transfer of a right.
- headgate**.....something used to block off one ditch so that the water will go in the other direction. It may be a piece of wood placed into a formed concrete opening, or a manufactured metal contraption, or a piece of tarp hung from a 2x4. If it does the job it's a headgate.
- laccolith**.....a mass of igneous rock thought to be formed from magma that did not break the surface but spread laterally, bulging the overlying layers upward, shedding the top crust into foothills. For additional interesting takes on the formation of our Pine Valley Mountain, see the p.s. section at the end of this history.
- LDWA**.....Leeds Domestic Waterusers Association, purveyor of culinary water.
- LWC**.....Leeds Water Company, purveyor of irrigation water.
- moratorium**.....what has been traditionally called a moratorium on new water rights in our area is misleading, because a moratorium is temporary, while the closure of areas in Washington County, including ours, to new water appropriations is permanent.
- Point of Diversion (POD)**.....the exact location where water is taken from a natural stream or from a well. Every water right is assigned one.
- Point of Use (POU)**.....the specific location where the permitted user is allowed to use the water. Every water right is assigned one.
- proof**.....If the State approves a filing, the applicant must then follow the State's instructions in developing the water source and putting it to use. When this process is complete, the applicant submits "proof" to the State which sends inspectors to verify that the required work been done.

- protest**.....the opportunity for a person or entity to contest a new water filing. The protest is posted in the newspaper and may be granted a hearing before the State Engineer. The State Engineer makes a decision and mails the results along with his rationale to the applicant's and all protesters.
- PRV**.....a pressure reducer/regulator valve. In a gravity flow system such as ours (assuming the Oak Grove spring as our primary culinary source), buildup of pressure corresponds to both the distance and drop in elevation from the spring to where we are. USDA Forest Service records show an elevation of about 6600 ft. at Oak Grove Campground. The Silver Reef tanks are at about 3800 ft., and the top of Leeds about 3480. Subtracting a couple of hundred feet from the Oak Grove elevation to account for the two-mile distance to the spring, that means water to Silver Reef drops about 2600 ft. in elevation and water to Leeds drops an additional 300 ft. Now think of 7 miles worth of volume in addition pushing from behind. When the water companies talk about working on PRVs, that's what they're talking about.
- "Quail Creek Decree"**.....the original document established in the 1923 by court order, which awards all water rights flowing from Quail Creek.
- share (culinary)**.....Regardless of the number of water connections a person may own, purchase of a hookup entitles a shareholder in LDWA to one vote in a shareholder meeting.
- share (irrigation)**.....A share of irrigation water in the Leeds Water Company is meant to supply enough water to irrigate one acre of land in a good water year. In drought years members share the shortage. A share is a "portion" of whatever water is available, not a specific amount of water. In meetings of the Leeds Water Company, irrigators vote the number of shares they own.
- source**.....a spring or well from which a stream issues. Water rights are designated as either surface rights or underground rights. It is very difficult to obtain permission to exchange one of these for the other, and usually a part of the right is reduced when doing so. But this is another discussion.
- surface rights**.....water whose sources are springs
- underground rights**.....water whose sources are wells
- spring**.....a naturally occurring spontaneous release of water from an underground source to the surface of the ground.
- test pumping**.....a person applying for a well right must locate a site for the well, drill and equip it, then pump it for a specified length of time to test its draw-down and recovery time.
- draw-down**.....the speed and distance that an underground water level drops when a well is being pumped.
- recovery**.....the time it takes after pumping stops for the underground water to rise to its original level.
- water right**.....the right officially granted by the State of Utah to use a specific amount of water from a specified source at a specified location for a specified use at a specified location for a specified period of time.
- water turn**.....When there isn't enough irrigation water for everyone to use on demand, users take turns. Turns are assigned by the irrigation company on a rotating schedule.
- watershed**.....the area that drains into a river or lake.
- WCWCD**.....the Washington County Water Conservancy District. As described on its web site: a not-for-profit public agency with responsibilities to secure, treat and provide water to the region's municipalities. The cities act as the water retailer. The district manages reservoirs, pipelines, wells, water storage tanks, treatment plants, hydropower plants, diversion dams and more. WCWCD also manages small retail, secondary and wastewater systems. Its board of directors is appointed according to State policy.
- weir**.....a device calibrated to measure the volume of stream flow as the water passes through it.

Article:

**Important Concepts Regarding
Water in Utah, by Dale B. Kimsey**

Gov. COX:

**Effects of Drought on Utah's
Agricultural Sector**

**Misconceptions About Agriculture
and Drought**



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors
Wednesday, **July 20, 2022** at the **Cosmopolitan**, located
at 1915 Wells Fargo Rd, Leeds, UT 84746.

1) Call to Order

- a) Roll Call
- b) Prayer –
- c) Pledge of Allegiance –

2) Announcements

- a) Consent Agenda –
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports

- a) President's Report – [Don Fawson](#)
- b) Operations (Field) Report – [Kurt Allen](#)
- c) Finance Report – [Doris McNally](#)
- d) Administration Report –
- e) Future Projects -
- f) Shareholders Comments:
No action may be taken on a matter raised under this agenda item.
Shareholder must step to podium to make comments.
(Three minutes per person).

4) Roll Call Vote to close meeting



Leeds Domestic Water Users Association (LDWA)
1901 Silver Reef Drive | PO Box 460627 | Leeds, UT 84746
Phone: (435) 879-0278 | E-Mail: LDWAcorp@infowest.com | Web: ldwacorp.org

“NOTICE”

LDWA Projects

As we are all very aware, the entire West and especially our area is in the midst of an unprecedented drought. It is in our best interest as individuals and as a community to do what we can to mitigate the effects of this drought by conserving where possible as well as developing additional resources and contingencies.

It is in this spirit that the LDWA Board is pursuing funding to drill an additional well as well as upgrade existing supply and delivery systems. While we are pursuing grants and low interest loans, these proposed additions to our water system will come with a cost which may impact water rates. We encourage your attendance and input.

**We will be presenting and discussing these proposals at our next regular Board Meeting on
Wednesday, July 20, 2022, 7:00 pm**

Location to be at the Cosmopolitan



Minutes

Date/Time/Location:	July 20, 2022	07:03PM	Meeting: Cosmopolitan
Type of Meeting:	Meeting of the Board of Directors		
Note Taker:	Layna Larsen		
Attendees:	Members/Staff:	Don Fawson (P), Kurt Allen (VP), Doris McNally (IT), Allen Cohn (M) Mark Osmer (Field Mgr), Layna Larsen (Corp. Sec)	
	Shareholders:	Shareholders: Glen Zumwalt, Ron Cundick, Kyle & Jennifer Lefler, Terry Allen, Susan Savage, Robert & Robert Storoshka, Kevin Kershaw, Brandon Beesley, Chris Harvey, Scott Hayes, John Perry, Ray & Mary Pettit, Cynthia Neubauer, Brant Jones, John Zoetmulder, Nathen New, Karen & Gerry Reposa, Ralph Rohr, & Sharon Johnson	
	Special Guest:	J&D Engineers - Parker Vercimac, Riley Vane WCWCD – Whit Bundy, Engineer w/ Civil Science - Trevor Gardner	

Agenda Topics

I. CALL TO ORDER [Don Fawson- @ 7:03PM]

CALL TO ORDER	We have a lot of good information to share with you. The purpose of this meeting is to let you know some of the things we’re trying to do to be proactive during this time of unprecedented drought, uncertainty for the Water Company, the unprecedented inflation and limited opportunities for funding as we go along. We hope we can bring some of this information to you and hopefully we can, on some level, be on the same page as we go forward.
ROLL CALL	Present: Kurt Allen, Doris McNally, Don Fawson, Alan Cohn Absent: David Stirling is excused he is in Alaska at this time.

II. PRAYER [Jarod Westoff]

III. PLEDGE [JW MaCane]

IV. CONSENT AGENDA, PRIOR MEETING’S MINUTES & POLICY APPROVAL/VOTES [Don Fawson]

DISCUSSION	Consent Agenda consist of the acknowledgment the meeting notice was posted. It is also a vote to accept this month’s agenda and the previous months minutes.
VOTE	MOTION TO APPROVE PRIOR MEETING’S MINUTES: Doris McNally SECOND: Alan Cohn MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE TONIGHT’S AGENDA: Doris McNally SECOND: Alan Cohn MOTION APPROVED: Unanimously

DISCUSSION	RESOLUTION 2022-04 :: LDWA WATER CONSERVATION PLAN
VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Yea – Don Fawson, Kurt Allen, Doris McNally, Alan Cohn

DISCUSSION	RESOLUTION 2022-05 :: RECORDS RETENTION POLICY
VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Yea – Don Fawson, Kurt Allen, Doris McNally, Alan Cohn

DISCUSSION	RESOLUTION 2022-06 :: RECORDS REQUEST POLICY
VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Yea – Don Fawson, Kurt Allen, Doris McNally, Alan Cohn

DISCUSSION	RESOLUTION 2022-08 :: LDWA WILL SERVE POLICY
VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Yea – Don Fawson, Kurt Allen, Doris McNally, Alan Cohn

DISCUSSION	RESOLUTION 2022-09 :: LDWA EMERGENCY RESPONSE POLICY
VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Yea – Don Fawson, Kurt Allen, Doris McNally, Alan Cohn

DISCUSSION	Outline of Meeting [Don Fawson]
<p>OK, let me start off by giving an outline of how we are going to proceed tonight, so that hopefully we can answer all your questions and give you the information we have been able to gather. The Board will give their reports and updates. We will not be accepting shareholder comments during that portion of the meeting. The reason for that is that we feel that we are going to hopefully be able to answer the questions that you may have during that portion of the meeting, if not, you will have a chance at the end to be able to ask your questions. And it is obviously our desire to be as open and honest as we can, and as informative as possible, while at the same time using our time wisely. Nobody wants to spend more time than is necessary here.</p>	

V. OFFICERS REPORTS [All Board Members]

a) PRESIDENT'S REPORT [Don Fawson]

DISCUSSION	Spring Location
<p>I wanted to start off by giving you a little update on the spring. You know we have had some controversy as to whether the spring was on private property. It turns out it is located on Forest Service property; it is not private property.</p>	

DISCUSSION	R309-550-11-4 Capping of Service Lines
<p>Over the past few meetings there has been some concern about the States requirement R309-550-11 that states – ‘Service line shall be capped until connected.’ I had a chance to talk to Paul Wright whom I had been directed to by the individual who had this concern. Paul stated that “a hose bib is a cap” and felt it was sufficient since a meter, “the connection,” is in place with a dual check valve. The concern that was brought up, was that a hose bib was not a cap, and that “the connection” meant to the final structure. Previously I had contacted a number of water purveyors in the county, and they all agree with that assessment. So that's the end of that particular issue.</p>	





b) FIELD OPERATION'S REPORT [Don Fawson & Mark Osmer]

DISCUSSION	Spring and Well Report – [Mark Osmer]
<p><u>Mark Osmer</u> - The Spring is producing 220 (gpm) gallons a minute, the wells 315 gpm. The draw down level (level of the water from the top of well to the top of water in the well) on the Well when we are pumping is 211' to 212' and the static level when it's not pumping is 208'. We're keeping records of that just to make sure it doesn't drop anymore or go down. We're also keeping an eye on the El Dorado Well, and testing that, the water level sits at 95 feet at the moment, static, so we will be keeping an eye on it to make sure that it doesn't drop with all the well drilling going on around the area.</p> <p><u>Don Fawson</u> – How do our water levels both at the Spring and the Well compare to historical numbers?</p> <p><u>Mark Osmer</u> – The Spring is producing way more since we pulled all those trees out of there. Last year the max was like 95 to 100 gpm, now were at 220 gpm. The Well is staying the same At 208' static 211' at draw down. I have been checking that every week, just to make sure it does not go down anymore.</p>	

DISCUSSION	System & Testing Report – [Mark Osmer]
<p><u>Mark Osmer</u> - We passed off our Bac-T (bacteria) test this month. I cleaned out a whole bunch of valves on Main St. Did visual inspections and checked all the PRVs (Pressure Reducing Valves). We also repaired the fence around the Eldorado well.</p> <p>We reconnected the line to the LWC (Leeds Irrigation Company) weir so we could allow their Spring water to flow in our line to their weir. Also installed a new service line on Boulder Way, installed a new meter at The Spring because the old one failed. We reconnected the line so we could put water to the irrigation company. New service line on Boulder Way, installed a new meter at the Spring because the old one failed.</p>	

DISCUSSION	Pumps – [Don Fawson on behalf of David Stirling]
<p><u>Don Fawson</u> - David was unable to be here. He is in Alaska right now. I want to give you an update on our used pumps. We have two pumps that we have at the shop to be rebuilt. Unfortunately, this is their busy time of year, and they are just slammed. So, I went down to Southwest today and talked to one of their employees and then called and talked to someone from Mountain Land. So basically, Southwest has not tested our pumps at this point. We have the pumps and the motors, at Southwest and we know that the motor went down on the Highlands Well, it was pulled out and was just sitting up in our well house. We are really concerned that we have a backup pump on hand because of supply chain issues and other things. The pump and motor manufacturers are telling us that this is not a good time to try to get those replaced. I talked to Brian from Mountain Land, and he was saying that they have a rebuild station, but because these pumps were not built to Part 61 standards, they could not rebuild them and have them pass State certification. Part 61 is mandated by the American Waterways Association, (NSF) National Sanitary Foundation, and (ANSI) American National Standards Institute and they are the ones that look for products that are put in pumps that may contaminate water. So, as you are aware of, we have gone through transition periods where we found that certain things that we thought were safe actually are not safe. Based on that, he said that you could probably rebuild these and use them in an emergency if you get permission from the State, but the State would require you to replace it soon as possible. So basically, what I am hearing from him is that we really need to look at new pumps and motors. I have asked a couple of different companies to get us bids and it is like pulling teeth trying to get them to give us information. We are trying to get information on a backup generator, one that's propane driven that we could use in case of a power outage. So, we're trying to pursue that, but it's not an easy process. So, I guess it's the matter of the squeaky wheel gets the grease. As a result, we're trying to be kind of squeaky on this.</p>	

c) **TREASURER'S REPORT** [Doris McNally]

DISCUSSION	Billing Report
<p>Billing for June was completed and mailed on July 2nd.</p> <p>On the reverse side of the bill the New Drips Article promoting awareness of simple changes shareholders can make to Conserve Water Indoors & Outdoors.</p>	
<div style="border: 1px solid black; padding: 5px;">  <p style="text-align: center;">LDWA News Drips</p> <p>Need to contact the LDWA, it's simple. Phone (435) 879-0278 Please leave a message, your call will be returned promptly.</p> <ul style="list-style-type: none"> • To report an EMERGENCY water leak or a loss of water PRESS 1 • For a BILLING INQUIRY, PRESS 2 • For a GENERAL INQUIRY, PRESS 3 <p>Your message is immediately routed, and a LDWA representative will be in contact.</p> <p style="text-align: center;">Email LDWAcorp@infowest.com</p> </div> <div style="margin-top: 10px;"> <p style="text-align: center;">Driest May since 1895</p> <p style="font-size: small;">Conditions in Utah are getting hotter and drier. According to the U.S. Drought Monitor, Much of the state is now in extreme or exceptional drought (the worst categories). Southern Utah saw little to no precipitation in May 2022, with Cedar City and St. George having the driest May on record in 127 years.</p> <p style="font-size: x-small;">*Now that portions of the state have moved into 'exceptional drought,' water conservation becomes even more critical," said Brian Steed, executive director of the Department of Natural Resources.</p> <p style="font-size: x-small;">Help stretch our water supply by implementing simple changes indoors and out. Learn More:</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p style="font-size: x-small;">Outdoor Conservation Tips</p>  <p style="font-size: x-small;">SCAN ME</p> </div> <div style="text-align: center;">  <p style="font-size: x-small;">Remember: When in drought, conserve."</p> </div> <div style="text-align: center;"> <p style="font-size: x-small;">Indoor Conservation Tips</p>  <p style="font-size: x-small;">SCAN ME</p> </div> </div> </div>	

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<p>PAYCLIX</p> <p>In June we had 60 shareholders pay their bills using this payment option. The total amount collected through PayClix was \$3,957.01. With 67% paid via credit cards & 33% via e-checks.</p> <p>Since we started this payment option, we have 97 shareholders who have used this process, representing 24% of our shareholders.</p>																																																																
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DISCUSSION	Finance Report										
<p>June's Total Net Ordinary Income was \$24,607.48</p> <p>There are 4 Major categories for Expenses:</p> <ol style="list-style-type: none"> 1) <u>Ordinary Admin Operating Expenses</u>: \$2,136.60. <i>This category YTD represents 10% of our expenses.</i> 2) <u>Ordinary Professional Operating Expenses</u>: \$(444.32). <i>This category YTD represents 7% of our expenses.</i> 3) <u>Ordinary Field Operating Expenses</u>: \$ 11,245.00. <i>This category YTD represents 39.1% of our expenses.</i> 4) <u>Ordinary Operating Payroll & Taxes</u>: \$ 9,923.29 <i>This category YTD represents 43.9% of our expenses.</i> <p>The LDWA's Banking Accounts Stand at: (07/20/2022)</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="background-color: #e0e0e0;">CHECKING ACCOUNT:</td> <td style="text-align: right;">\$28,847.17</td> </tr> <tr> <td>EMERGENCY REPAIR & MAJOR PROJECT RESERVE</td> <td style="text-align: right;">\$284,566.33</td> </tr> <tr> <td>DDW LOAN #3F138 FUND</td> <td style="text-align: right;">\$36,474.57</td> </tr> <tr> <td>IMPACT FEE ACCT</td> <td style="text-align: right;">\$41,030.64</td> </tr> <tr> <td style="background-color: #e0e0e0;">SAVINGS ACCOUNT:</td> <td style="text-align: right;">\$362,071.54</td> </tr> </table>		CHECKING ACCOUNT:	\$28,847.17	EMERGENCY REPAIR & MAJOR PROJECT RESERVE	\$284,566.33	DDW LOAN #3F138 FUND	\$36,474.57	IMPACT FEE ACCT	\$41,030.64	SAVINGS ACCOUNT:	\$362,071.54
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d) **ADMINISTRATION REPORT** [Kurt Allen]

DISCUSSION	Future Projects [Kurt Allen]
<p><u>Kurt Allen</u> - Thanks for coming out. It's awesome having you here and what a great community we have. We are going to be presenting the future projects that we are working on at this time. The Water Conservancy District Representatives here are Whit Bundy and Trevor Gardner. We have got our Jones and De Mille Engineers, Riley Vane and Parker Vercimac. This is a "A" team right here folks.</p>	

We've been working hard for the last several months to try to do an engineer's assessment of our system and evaluate our needs and prepare them into an application so that it can go in for possible funding, and that's the stage where we're at right now. We have submitted our application for funding and these gentlemen are going to kind of introduce that to you and tell you a little bit more about it. Our system, even though it is a wonderful system and we've got the best water around, wonderful water, it's in need of some repairs, its aging, and needs to be replaced in many cases, and it's under sized in many situations and needs to be upsized. Of course, the number one thing is to get a redundant source of water in a new well so that we can have a backup source of water in case of an emergency. So anyway, we have been busy and as a lot of you know that have been coming to the Board Meetings, there is a lot that's going on. It requires a lot of good questions and I want to thank the shareholders that take an interest in our water system and in LDWA and ask questions and showing interest in what's going on. We appreciate that and we want to be here to answer them, questions. That is what we're doing tonight. The Board wanted this to be a very transparent evening, a very open discussion. We have got application in to spend a lot of money to be right honest with you and we need to discuss it with you as the shareholders. So, with that said, I'll have Jones and DeMille do the first presentation on their portion of ~~this~~ these projects and then we'll ask the Washington County Water Conservancy District to do their presentation on their portion. Then we'll discuss it in a calm and open manner. There's not a dumb question and let's ask the right questions and have a good discussion on this. OK?

Riley Vane - Thank you. And thank you, all of you for being so involved. Parker and I have talked about this several times. It's great to see so many shareholders involved. You don't always see that and so we commend you for that, for your interest, for your concern for your water, it is your water. Like Kurt has said, we have been contracted to submit a funding request for projects that are needed. As part of that process, we went through and we viewed the system, noting the requirements that we've seen so far along with the deficiencies. There's been a lot of records to pour through and we've done our due diligence in looking through those records. Once again, I commend the Board and historically the Boards that have gone before, they have had four master plans in 15 years, so obviously water is a great concern. It's been great to see the progress, and this has been assessed time and time and time again, so thank you to all the Boards for doing that. It's made our job, I wouldn't say easier, but definitely more accurate. The more information the better. So, on to the funding process, to go over a little bit about what we've done so far. We have submitted a funding application. There are some details on here, I urge you to come and grab one of these handouts, because I've described in some detail what those projects are. (Attached to end of minutes) We addressed some of them in our last Board meeting, the first project being, the source. We submitted a funding application for that. For several different distribution system improvements, two of them being downtown. The first one being the East side of Main Street for about 5000 feet. It is old pipe, aged, undersized, and needs to be improved. Also, on the West side, so you have two parallel mains, one on the East and one on the West. Another project being a water transmission line, extending from The Spring just below the dugway, above the Oak Grove tank. That line is 68 years old, it's a four-inch steel line, and it's exposed in several different places. So that one is definitely a priority. The last project being an altitude valve. That would help divert the flows. Currently when the tanks are all full excess water goes and just runs off into Grapevine Wash. We would like to push that back over to the Irrigation Company (LWC) weir, so it actually gets used instead of just waisted out in the desert. That's the summary of those five projects. We went through the Division of Drinking Water (DDW) process with funding applications and as part of that application they look at your water rates. How big of effect is this going to have on those water rates? So, we've done some preliminary investigation. They have a very structured process on how to determine what your minimum water rate must be to qualify for funding. How that gets raised, will be determined by The Board later. Now these funds are combination of low interest loans and loan forgiveness or "grants". You can't say "grants" in the government world. It incurs all sorts of problems, so we will use "debt forgiveness" instead. That's what we're pursuing. We will know better August 31st, this when the DDW Board meets and then we will know the status of the application. One thing I will note about these projects, all these projects show up in these four Master Plans. We have known that we're going to meet these projects eventually down the road, it's been planned for, and now is an appropriate

time to get them done. There are some funds currently available, and we hope to get as much as we can in loan forgiveness. We will see on August 31st.

Parker Vercimac – Riley, Glad you touched on the projects that we're considering and mentioned that they are coming from Master Plans from, about 15 to 20 years ago, all the way through until now. So, it's really nothing new and hopefully not as a surprise to anybody, but again, the need just continues to grow. We talked about the unprecedented inflation that we're seeing right now. We've seen construction costs triple roughly over the last two years and there's no end in sight. So, really every day that we delay and hold off is another day of inflation, increased cost. So, we want to approach this with a fiscally minded approach. We want to try to give you the best bang for your buck. We understand what it's like to have a rural water system, and we understand ways that we can provide value. The Spring that we heard about earlier, that's producing 220 gallons a minute, that's phenomenal and exciting. The Well, that's great that it's maintaining and a good safe source that way. But we have known for quite a while that we needed to develop another well and have tried in the past and were unsuccessful. Concurrently with the funding application that we've sent in, we're doing a few things in the background right now. 1) Riley and I are reviewing the system. There's been a lot of engineering in the past. We're just trying to get back up to speed reviewing all the reports. We're recreating the water models that have been done in the past. The reason is the models will be what helps drive the infrastructure improvements into the future. We want to verify and get as familiar and intimate with your systems as we possibly can so that we're making the best recommendations for where infrastructure is going to do the most good. 2) We are doing a well sighting study. It's just been started here recently, the last week or so, it'll probably be six weeks, 8 weeks down the road before we get the results back. The purpose of the well site study is to try to gather previous information about why the well attempts were unsuccessful and then hopefully that will point us in a better direction so that we can have a good Well coming out of this project. The main things right now are we've got the funding application in, that being said, it doesn't obligate us to the amount on the funding application or any of the projects in it. It gets us on the table where we can talk, get public input, and ultimately, do whatever The Board decides to do. We can negotiate with the Division of Drinking Water (DDW) and scale back if we feel like that's in the best interest, or if we feel like we can afford the full projects that we need, then we can move forward with that as well. So, we have that flexibility and latitude, but we wanted to get it on the table and moving forward in that direction.

Riley Vane - Quickly, one of the projects that I mentioned earlier was the upsizing and the replacement of the old water line on Main Street at 5000 linear feet. Fortunately for us, for LWDA shareholders, the Water District (WCWCD) is replacing their transmission lines in the middle of town. They have extended an offer to share construction costs with us if we were to replace that line. It is a tremendous opportunity. It's cheaper for both parties to do it that way. So, we've been working with them to get that going. It's looking very good. Most of the engineering would be done by the District (9WCWCD) Engineer. Trevor, is here, and you can ask any questions you have about it. And then we would just be ensuring that LDWA's new lines are up to LDWA standards and specifications and that we have all the right things in the right place. Our lines will not be interconnected, they are just going to be in the same trench. That's the path forward.

Trevor Gardner - (WCWCD Engineer) So just to explain the concerns and history portion of the project. The Conservancy's (WCWCD) project starts at the road to Babylon, north of the Fire Station, and extends through Leeds down from the county line. Currently, it's about 20,000 feet of 14- and 12-inch pipe. That line has been failing for some time. So, the District (WCWCD) is going to replace that entire segment with 24-inch ductile iron_line. When they knew this was going to happen, they reached out to the shareholders involved, contacted them, to seeing if there was any other utility improvements that needed to be done. So, that's where this has stemmed from. As Riley said 5000 Feet of water line will be upsized through the middle of Leeds. Riley spoke to the cost savings associated with that. It's very significant. A big portion of a water lines cost is in the trenching and in the asphalt placement. Working together will be able to save a significant cost. It's a win, win for both of us.

Whit Bundy - (WCWCD Engineer) I don't really have too much to add other than we are working on an agreement with L DWA to detail how those costs will be shared, primarily the biggest cost savings is in the

installation obviously but, specifically the asphalt. With traffic control, you're not going to have to disrupt Main Street multiple times if we can get this all done at one time. So, it'll be a great benefit to both parties and we're excited to work with LDWA and make this a win win situation.

Kurt Allen - Thank you, you guys. We are really fortunate to have created this relationship with the Conservancy District (WCWCD). We want to thank them for their open mindedness, and willingness to work with us. They would have put their pipe in anyway and it was going to happen next spring. To allow us to jump in at the 11th hour like this, kind of redesign things, create a new flow line for our pipeline to lay next to theirs, and be added to their project, is really wonderful, thank you. Like it's been said, we're going to be able to save a lot of money by accomplishing this with the Conservancy District.

Don Fawson – We really appreciate that presentation. The Board will be working with the Washington County Conservancy (WCWCD) to further investigate the potential of working together on the replacement lines down on Main Street and developing a Memorandum of Understanding on how we might proceed in this investigation.

VI. SHAREHOLDERS COMMENTS

DISCUSSION	Shareholders Input [Don Fawson]
<u>Don Fawson</u> - Procedures for making comment: <ol style="list-style-type: none">1) Shareholders must step to the podium to make comments,2) Clearly state your name and then ask your question,3) Please limit your time to 3 minutes per person4) No Action may be taken on a matter raised under this agenda item5) Comments need to be confined to issues, not individuals.6) If an item or question has already been discussed, we will cordially move on out of respect for everyone's time.	

DISCUSSION	Will Serve Request [Lynn Potter]
<p>Lynn Potter - I'm not a shareholder at this time, but I'd like to be. I talked to a Board Member awhile back about connecting the end of your line on Roundy Mountain Rd up to Majestic Mountain, and I thought as long as you guys were putting in new lines, you might want to talk about it at this time. I thought it might be related at this time, so that's why I'm here. I own the property that's in the valley around the back of Roundy Mountain Rd. The last property owner on Roundy Mountain was interested in putting a line in there to create a loop so that you guys could do flushing and be able to shut things off. That's OK with me, I'll give you guys' an easement across there for that at this time so you can incorporate it into your plans. I kind of need a "Will Serve Letter" and that's something I've been trying to get for the last few weeks. I know you haven't been well, and I can understand how that could slow things down, but if there's any way, we could expedite that it would really make my day. I'm even prepared to buy a share tonight, I brought \$9,417.00 tonight if I can get that "Will Serve Letter" in the next 24 hours.</p> <p><u>Kurt Allen</u> – Well Lynn we don't take payments in that manner. We have your request for another extension of a previous "Will Serve Letter" you received. It's in process and you will hear from us shortly.</p>	

DISCUSSION	Question re WCWD Service Line Condition [Susan Savage]
<p><u>Susan Savage</u> - You mentioned that the district line was failing for some time, and I'm just curious about why that is, what's been happening?</p> <p><u>Whit Bundy</u> - I can talk about it. So, when that line was put in, it was HDPE line, it is a black plastic pipe and when it was put in, it had a lot of great characteristics and so, at that time period we put in a lot of that kind of pipe. Since then, we've discovered that culinary lines have Traces of Chlorine in them and the chlorine tends to degrade the pipe and cause it to be brittle. Then in higher pressure areas like your Main</p>	

Street area, it breaks a lot, because of that brittleness. We are seeing that in a lot of different areas through Leeds and that's what's happening if that makes sense.

Kurt Allen – The breaks happen because of the heavy truck traffic that goes over top of the pipe with it being so brittle.

DISCUSSION

Questions for WCWD Guests & LDWA Board [Jarod Westoff]

Jarod Westoff - So first question. Are you planning to put your high-pressure line on at the same time from the treatment facility back up to Anderson Junction?

Whit Bundy - Not at the same. This is a separate project they will connect because they are using the same line. The high pressure is South. Yeah, right there on your map. So, we won't change the pressure line.

Jarod Westoff – But you will be using the same line at some time?

Whit Bundy - Yeah.

Jarod Westoff – Does anybody know how many acre feet LDWA has?

Kurt Allen – 595

Jarod Westoff - On the 6-inch line improvements, just a thought, if there is a 6 inch line that's not at the end of its useful life, and it runs 1500 gallons a minute that would meet fire code, it might be worth using that money elsewhere or saving money until the end of the life of the pipe. Really, international fire code is 8 inches, so everybody runs to 8 inches. But the point of the 8 inches is 1500 gallons a minute. So just a thought for the Board to look at, if there are areas where the six inches are not at the end of its life it would be nice to save that money and just schedule it later and pay for it from rates over time instead of interest.

Jarod Westoff - On the 25,800 linear feet for the spring, what size of line is that going to be upgraded to?

Riley Vane - Over a period it will be upgraded to 6 inch and then continue at 4 inch, there's a lot of slope on there.

Jarod Westoff - How many gallons does the well produce?

Kurt Allen - 315

Jarod Westoff - So just my quick math, I do believe that it's accurate that we need another well because I think you've overestimated the amount of gallons that LDWA actually has. Because even though the spring is 220 gallons a minute LDWA owns 7% of the spring or maybe that's the wrong number, but in a full water rate according to the previous 54 gallons amendment, if it's running at its full water rate.

Don Fawson - According to the attorneys that we went through we calculated around 96.4 based on the agreement we have with LWC on a regular water year.

Jarod Westoff - So, I think that issue is being studied and because we almost never have a regular water year.

Don Fawson - What's interesting is that historically it hasn't been running as high as it is this year. So, this year it's almost double what it was last year.

Jarod Westoff - I think that's because of a maintenance issue, lack of both LWC and LDWA. And as the maintenance issues are corrected that spring will flow more. But I think the Spring at its full water rate is actually up closer to 300 gallons a minute, that is what it's supposed to flow.

Don Fawson - And if it did, the 4" pipe would not be sufficient to carry that flow.

Jarod Westoff - Which is correct because LDWA's portion of the water rate is minuscule compared to LWC. So, I think that issue needs to be looked at and I would expect LWC to give LDWA notice that the full water right isn't coming to LWC, so LDWA would need to cut their water proportionate to the drought and what they actually have the right to take. So, it's just by my math and I know it needs to be studied further, I don't think that 455 gallons is accurate to what LDWA has a right or can produce between the well and their actual rights in the Spring. And my point being, I think LDWA does need another well. I know in the past the Conservancy District (WCWCD) has been willing to look at an agreement to provide redundant water. Which, if they are still at all interested, is, in my opinion, really smart to work together, because in the past when they were willing to do that. It was so much per thousand in the event of an emergency,

and it was not a takeover attempt or whatever flies around Leeds. It was just water companies working together to provide redundancy.

Don Fawson - I think that in the case of an emergency, a dire emergency we would obviously be doing everything we could to meet our water needs. I know we had talked to the Conservatory in years past about that particular thing and they seemed willing to do that. The dilemma we have is it actually has to put water into our system at a point where it can service the people on the highest end, all the way up to Silver Reef. That becomes more than just putting water in the pipe down below. We have PRV's to take care of high pressure on this end and if you're going to push it up there you are going to have to overpressure the lines. So somehow you've got to have a redundant system that actually takes water to the top, dumps it in, and it brings it back down. So, there's more logistics to this than just an agreement.

Kurt Allen - And let me add to that just a little bit. I wanted to let the shareholders know that the LDWA Board and the LWC Board have been meeting together the last couple of months to deal with the drought situation, and we have had a real amenable working relationship, which has been refreshing.

Brant Jones - We have, and we have a ways to go.

Kurt Allen - We have been providing water back into the LWC system and doing what we can at this point. Now there's a long way to go, I agree with that. We're going to get there. Both Boards are Interested in the Community Relationship. It is a community. It's the people right here. So anyway, I just want to let you know that we have been working with LWC to take care of this.

Don Fawson - You know, I'm not sure about the flow through 6-inch water line as far as gallons per minute, but Hurricane Valley Fire Special Service District (HVFSSD) is concerned about one thing, and that is the actual flow of the hydrant not the theory behind all that stuff. Mark, did we have any hydrants this last year that flowed more than 1000 gallons a minute? What kind of flow rate, what was the highest?

Mark Osmer - Yeah, I got a whole bunch here. We got one at 1500, another 1500.

Don Fawson - Let me ask you a question. Did we do a 20 PSI residual on all those?

Mark Osmer - Yeah, yeah, yeah.

Don Fawson - Ok Basically what they require is 1000 gpm for two hours minimum.

Parker Vercimac - They recently changed that so it's 1000 gpm for 60 minutes for buildings less than 3600 sq ft. 1500 gpm for two hours for buildings over 3600 sq ft and larger buildings, like the church for example, requires 1750 sq ft for two hours, and other large buildings like that through town may require even larger volumes.

Don Fawson - When you talk about life expectancy of the pipe, what is the life expectancy, do any of the engineers here have an idea?

Parker Vercimac - Typically, there's a lot of variables. Bury depth being one of them. We don't have a deeper frost depth as some places in Utah, so we can go shallower. It's also more susceptible to heat and traffic impacts. I don't think I'm out of line, we have engineers all around here. But about 40 years PVC would be pretty typical for the area. Is that what the District is seeing as well?

Whit Bundy - Yeah, I think we usually look at 50 years, but it depends on settling, the soil type, and other material. But yeah, like you said, PVC 40 to 50 years probably.

Don Fawson - The waterline on the Westside of Main Street was put in in 1976 so it is 46 years old right now. So, if you take a look at these different pipes you can see the difference in the actual wall size on those two pieces. (Shows pipe samples) The blue pipe is the current schedule pipe and the white one is the one that is currently in the ground out there. So, I don't know how much of the pipe wall size difference that plays into that. But the other thing you mentioned Jarod is the idea of paying interest on things. The state does a thing they call a MAGI, the "Median Adjusted Gross Income." So, basically, they set that standard and then they do the forgiveness, and then they do the loan part based on the remainder. So, in the future that could change to a negative benefit for us. Does that make sense? We may be in a better position right now because of the funding that was released because of COVID and other things right now to be able to get a better deal than we possibly could in the future. But I think the other piece of this is that the waterline on the Eastside is probably 38 to 42 years old. The one on the Westside is 46 years old. But nonetheless, to me at least, in what we're hearing it is approaching the point of obsolescence right now and particularly where we can gain benefit of being able to get that line in with shared cost and shared disruption and we're not doing it twice I think we'd be foolish not to take advantage of that.

Jarod Westoff - I have one last question. I do agree that if you can cost share with the Conservancy on the line, even if it's not at the end of its life expectancy, it makes sense to do it and it sounds like it's possibly eight years beyond. The only areas of Town that I know of that has 6-inch lines that were put in the last 20 years would be what Craig Sullivan put in and possibly what Frank Jackson put in. And if they're running 1500 gallons a minute, I don't see any reason when there's no development down there, to go blasting down there replacing them when it can be on the developer later when they develop. So, how much money is left on the 2010 loan that can be applied?

Parker Vercimac - Can I clarify the rule on the 6-inch line. The International Fire Code states that you have 8-inch line servicing fire hydrants unless you can prove through hydraulic modeling that a 6 inch is sufficient. So often times 6" lines do well in grid system or looping systems and are sufficient. It is best practice and in current and ongoing construction to install 8 inch water lines. But you bring up a great point that if we can show through hydraulic modeling and then through field verification that there's adequate fire flow and the pipe service life is not on the shorter end of its service life, it's wise to not disturb it. And certainly, if there's impact on the system later that wouldn't cost share, Yeah, let's wait for that.

Kurt Allen - We haven't directed the engineers to delve into these lateral lines outside of the Main Street water lines. Right now, we're just focused on the Main Street lines and connections across the intersections into the existing lines. We're not interested in going through Town and start replacing all the Lines.

Jarod Westoff - Kurt, how much is left on the 2010 loan that could be applied if we go forward on the project

Kurt Allen - I believe around \$258,000.

Jarod Westoff - Last, this is more of a comment. I think it's great LDWA does what the water company should do and think about needs now and in the future and secures the best funding it could find. I would hope that it also will reassess rates. I'm a conservative and I believe that the time of limited government is past, but I also believe we should pay our way and if we're using up a line or infrastructure lifespan were not escrowing money over our water rates. We're basically borrowing on the future of the customer and of our home and so I would hope that LDWA will assess their rates and give a full comprehensive view of how we do this and make sure that we're paying our way as we go and not leaving it to the future homeowner of our home to go back in time and pay for the life expectancy we used. I think that's often folly that we find because it's natural to just try to keep costs as low as possible. I was encouraged to hear the financial report. There was some money being set aside for emergency repairs and what we need. The other quick thing is that I think we have incredible water in our area, both LWC, the Irrigation Water Company and LDWA. I'm really excited that the two Boards are meeting together and trying to figure out how to best use our water. And I just want to give one example Don, you kind of referenced that if the Conservancy can come supply some redundancy water, maybe where they connect, they could only supply it for downtown, because they can't push it to the tanks, but Leeds Water Company in the past, like when the well went down before, Leeds Water Company is who saved our ability to have showers and drink water out of our taps. They're the ones that said take the whole supply and allowed LDWA to take that full supply out of the Spring, and the pipe could carry it. It would be nice to see an agreement re-entered so that even if we have a new well that there's multiple sources of redundancy just in case there's ever a problem. There's a way to do that that's a win for Leeds Water Company, LDWA, and the shareholders of both companies where everybody wins. People look at it holistically and say how do we make sure that we have enough? I think Kurt told me this once, if we have enough water to drink, enough water to take a shower, and there's other water that can go for irrigation in the dry spells, but that the irrigation company can allow more of the flow during the winter. So, we're not having to turn on the well, everybody can win. Nobody has to get the advantage over the other.

Don Fawson - I think there's a lot of wisdom in that. I can see what you're saying, that maybe we could take Spring water and be able to supplement the upper section of town and maybe the Conservancy Water to supplement the lower section of town by splitting that system during an emergency time.

The other thing though is I've talked to Mark about whether we actually, in the past, needed to supplement our water needs by taking the full Spring flow during the wintertime. According to what he is saying the answer is no. I don't know if that's true. No matter whether it's true or not there needs to be that working relationship, there has to be. We basically are all the same people here in town. We all have needs and I hope that we all have compassion for one another, no matter what's going on. So, it isn't just me and to heck with everyone else. So, thank you for that. I appreciate it.

Jarod Westoff – Do I understand the Hydrologist you hired is John Files? Just because I have some familiarity with John Files, I think he's the best of the best. Where I've got some property in Northern Utah, we hire him from the perspective of a farmer, the city hires him, and the land developers hire him, the neighbor hires him, and the next city hires him. The nice thing about John Files is, that he could care less who's paying him. He's going to represent the hydrology of the ground. I really like him because, he tells me what I don't want to hear all the time and he's doing great. So, he's helped us drill two different wells looking at a third. I mean, he's fabulous.

Guest – nodded yes

DISCUSSION	Questions for WCWD Guests & LDWA Board [Brant Jones]
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Brant Jones – This is for the Conservancy engineers. It's a question that might not be able to be answered, but we buy a bunch of PVC pipe for the irrigation system- We see the shortages in pipe and the spikes in the prices, along with the suppliers are telling me stories about a big pipe producing plant that has burned down. So, the question is this – Is this really inflation or is this particular spike because PVC alone has gone up and will it reset in a couple of years, and they build a new production facility?

Whit Bundy - I know it's not just PVC that's gone up a lot. We do a lot of ductile pipe and it's gone up just as much or at least roughly. So, I have heard that there have been things like what you're talking about. So, I don't know. Maybe PVC is up slightly more, I'm not sure.

Brant Jones - That's what our suppliers are telling us and maybe Mark has heard this too.

Mark Osmer – It's hard to get a hold of PVC.

Brant Jones - I see it's a rush for grant funding and for the bids or the date. This may be a question to pass on, is this the best time to be buying. The other thing with inflation, I don't know if it works with PVC, but it seems like when prices are going up, quality is going down at the same time, and we've already talked about the product that goes in the ground. So, I get it. I mean it's a good time to get the funding, but is it the best time to be buying?

Whit Bundy - Yeah, I know but for the District, we're kind of up against it as this is one of our major lines, and it's not usable right now. Hurricanes is growing and that's a major artery for them. So, we got to get it replaced. But you're right, it's not an ideal time for sure.

Parker Vercimac - I'll just say very quickly, and working with Trevor, this is definitely a concern of ours as we're designing this project and we've set timelines and accounted for the delayed arrival of pipe. So, it is being considered in design.

Kurt Allen - Working for Sunrock, we buy Hundreds of thousands of feet of PVC pipe and a lot of fittings, and parts. PVC pipe has leveled off some, it's readily available now where you can order it 30 days out. When I was starting a project a year ago, I needed 80000 feet PVC pipe. We typically don't buy it all up front, but the suppliers told us, "if you don't take it now you won't get it." That's the way it was a year ago. Now material supply has leveled off a little bit, but it's still hard to keep.

obtaining a fire hydrant use permit is also a challenge. **While it might be tempting to open a fire hydrant and fight a fire, DON'T. It's extremely dangerous — and illegal.**

DISCUSSION	Angell Springs [John Perry]
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John Parry – DHP Properties, Shareholder – My question is, with all that you're doing, is there any consideration in taking over Angell Springs?

Don Fawson - We understood that they were really struggling with their water system. So, I talked to the President just to see where they were at. She said "we're fine we do not have any issue, our Spring is fine,

the Well's the problem. We actually have extra water to sell." I thought, well, that's really something different than what I thought I understood. So, I think at this point they feel very confident that they're on their own and able to take care of their issues and we're glad for that.

John Parry – So, they told you that?

Don Fawson - Yes

DISCUSSION

Misc Questions – Spring [Ralph Rohr]

Ralph Rohr - A couple questions. What is the exact allotment from the Spring between LWC and LDWA?

Don Fawson - Ralph, that's something that we're all trying to figure out for sure. There have been studies, there have been documents, there have been agreements. Right now, we are working with LWC in a very positive way in trying to come to some kind of agreement as to what that exactly is?

Ralph Rohr - So there are no documents from the past that establish this?

Don Fawson - There's all kinds of documents.

Ralph Rohr - Another question that I have is what's the status on the spring ownership in the property?

Don Fawson - You missed that at the beginning. It is on Forest Service land.

Ralph Rohr - OK and what are you doing to document that? For the record, for the future, because when we got into this, nobody seemed to know.

Don Fawson - It's in the Land Survey that's currently being filed with the County.

Ralph Rohr - So that'll be fine. That'll be an established record that people in the future can look back to exact documents for sure.

Brant Jones - Just to kind of clarify on the water, the documents that are out there, they're all over the place. They were written by attorneys and so you'll see things like how many people are supposed to be in Leeds, and how many livestock are supposed to be in Leeds. They're not even close. And then you'll see gallons per minute on a full flow year. One thing that we need to get into is transparency. LDWA is going to know how many gallons we used because there's meters on there. How much comes down the hill is not necessarily what's being used, as mentioned before that water is re-routed back into LWC to be used, that is just transportation that's not usage. But if the LDWA is charging overage for overuse, you're not selling LDWA water when it goes over their gallons, you're selling irrigation.

Ron Cundick – I'd just like to try to clarify some of the misunderstanding about the Spring. I see a lot of different questions coming up as far as the water rights in the Spring, LDWA owns the water rights that are clear. Where you get into the problems is how much water right Leeds Water Company (LWC) has in the Creek—the Spring water should empty into the Creek what isn't allocated to LDWA and so I think the misunderstanding is how much of The Spring water rights does LDWA own as opposed to what LWC owns. LDWA owns the water rights in The Spring right now. But because of the way Utah water law works. If there's a shortage in the Creek then LWC could go to the other sources to provide them with water in the Creek, and one of those sources is the Spring. And that's why there's concern about how much water is available. In reality The Spring can't help out a lot. I know that people disagree with me, but the Leeds Water Company uses billions of gallons a year and a week of accessing the Spring water would satisfy some of their needs, so I think you can understand the Spring really can't solve the problems, they can help out, but they can't solve them. The other aspect that you need to be aware of is that the legislature has set forth more clearly the priorities during the drought period of the access to water and housekeeping portion, and unfortunately it hits the farmers pretty heavy. The one I wanted, to make clear is the one as set forth by the governor, which is for the State of Utah. Then these priorities prioritized the water used for culinary as a higher priority. So, LDWA, if it comes down to this, we hope it doesn't totally, but LDWA will take its full amount before it would have to give up some to the farmers and we hope that we don't get in that situation. But the drinking water does have priority during the period that drought is declared. I think it's important to understand where the two companies stand basically with the Spring and the Creek.

Kurt Allen - With that said, there's a lot of hard lines that could be drawn with all the agreements and everything, we are past those, and we are in a working relationship with the Leeds Water Company.

Susan Savage - According to my conversation with the Water District Engineer in Cedar City, that agreement for priority, during a declared emergency due to drought, is for one year and then the Culinary

Company (LDWA) has to reimburse the Irrigation Company (LWC) and reassess what's going on. So, it's not an ongoing thing.

Kurt Allen - You can tell it gets complicated. We've kind of gone all over here, folks. Are there any other questions for these gentlemen here on the panel?

Don Fawson – It is complicated and we're trying, rather than to draw a line in the sand on either side, to try to work together with LWC relative to their needs and our needs and balance this whole thing so that the supplier of all of our water, the Creator can look down on us and see that, we are working with each other and not just throw us in the basket with each other and stir it all up. So, we appreciate all of you and everything that you do to help support this as well. I just want to mention that even the best minds that are out there can't always predict exactly what's going to happen. I think that the comments that were made tonight were very well spoken. Is the cost of materials going to come down, can we Waite for few years, could we get a better interest rate, can we get a better deal for loan forgiveness? I don't know that anybody actually knows the answers to any of these questions for sure. All I can tell you is that we're trying the best we can to make the best decisions we can for the LDWA shareholders. I'm a shareholder. We've been in town over 50 years. We helped lay the original pipeline in Town working down in the ditch because that's how it had to be done. So, I have a real vested interest in this, and I want you to know that I take that very seriously and personally. It was my intent in running for the Board, because I didn't do it because I thought it was a really good idea, I did it because I thought the need was there. Anyway, I appreciate all of you being here tonight. There is a sample of the four-inch line that we have running down from the Spring right there. There is a sample of two other pipelines. There is the map up here if you want to look at that. If you want to talk to the engineers, that would be great. Thank you..

Ralph Rohr – In regard to your comments about interest rates and not being able to prognosticate the future. I certainly agree, but one thing we can look at, is this country is in a debt situation, we've got the Federal Reserve lowering interest rates unrealistically and they can't even sell the United States Treasury Bonds. So, I think it's a general long-term trend you're going to see interest rates rise whether we can pay them or not. So, moving ahead with getting the money now at the cheapest possible rate, this is probably not a bad idea in my opinion

Don Fawson - All right, you heard it from Ralph. We know who to blame if it doesn't work out. LOL So anyway, thank you so much for being here tonight.

VII. ADJOURNMENT :: [08:13 PM Don Fawson]

VOTE	MOTION TO CLOSE MEETING: Kurt Allen SECOND: Doris McNally MOTION APPROVED: Unanimously
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Layna Larsen, Corporate Secretary

LEEDS

DOMESTIC WATER USERS ASSOCIATION

2022-2023 Water System Improvements
July 20, 2022 LDWA Board Meeting



Jones and DeMille Engineering (JDE) submitted a funding application to the Division of Drinking Water to improve the LDWA water system as recommended by the Pro Valuing Engineering 2021 Culinary Water Capacity Analysis update. Funds will be a combination of grants and low interest loans and the proportion is being determined by the Division of Drinking Water.



NEEDS/PREVIOUS RECOMMENDATIONS

The most recent update to the 2021 LDWA Water Capacity Analysis describes the culinary water system deficiencies and provides recommendations on how to improve those deficiencies. The critical issues include:

- Deficient water source based on state of Utah Drinking Water Guidelines. As of 2021 the LDWA water system can source up to 455 gpm total. It is estimated that the LDWA will need 696 gpm to meet future demands.

- ▶ To improve the water source deficiencies, it was recommended a new well capable of 450 to 500 gallons per minute be secured, drilled, and developed.

- The current distribution system cannot meet required fire flows for key infrastructure and is continually needing to be repaired.

- ▶ D o w n t o w n improvements would include replacing gained and undersized 6-inch bottleneck water lines or dead-end water lines, throughout the downtown area, with 8-inch water lines. This includes at least one 8-inch line along Valley Road. Replacing

the old existing pressure reducing valve stations.

- ▶ Dead-end upgrades would include replacing any 6-inch or smaller pipe with an 8-inch water pipe within the remainder of the water system.

The LDWA board continues to prioritize water conservation efforts and improvements for the water system. Aging distribution and transmission lines are vulnerable to breakage, especially lines that have been that were installed above ground, and these leaks become more frequent as infrastructure approaches end of life.



PROPOSED PROJECTS

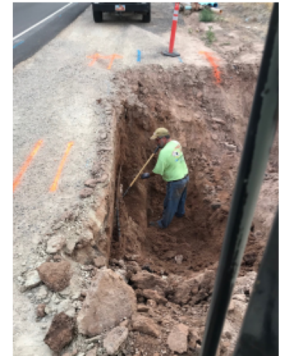
JDE has been contracted by LDWA to assist with improving the water system by reviewing these and other recommendations, prioritizing projects, and securing design and construction funding. After working with the LDWA board and reviewing the data presented, the following projects have been prioritized.

1. Construct a new well to meet the required water source needs.
2. Replace approximately 5,000 feet of deteriorated 6-inch main with 8-inch PVC, along east Main Street.
3. Replace 25,800 linear feet of 4-inch transmission line from spring source to distribution system.
4. Install an altitude control valve in order to divert surplus water from being discharged into dry wash and instead diverted to irrigation catch basin.
5. Replace approximately 5,500 feet of deteriorated 6-inch main with 8-inch PVC, along west Main Street.



JDE's preliminary opinion of probable total cost of the improvements is \$7.5 million, and a large portion of the loan is expected to be forgiven. A percentage breakdown of the total cost for each improvement is provided in Table 1. The application for funding does not commit LDWA or the shareholders to the loan. LDWA will need to accept or reject the state's offer prior to signing the loan agreement.

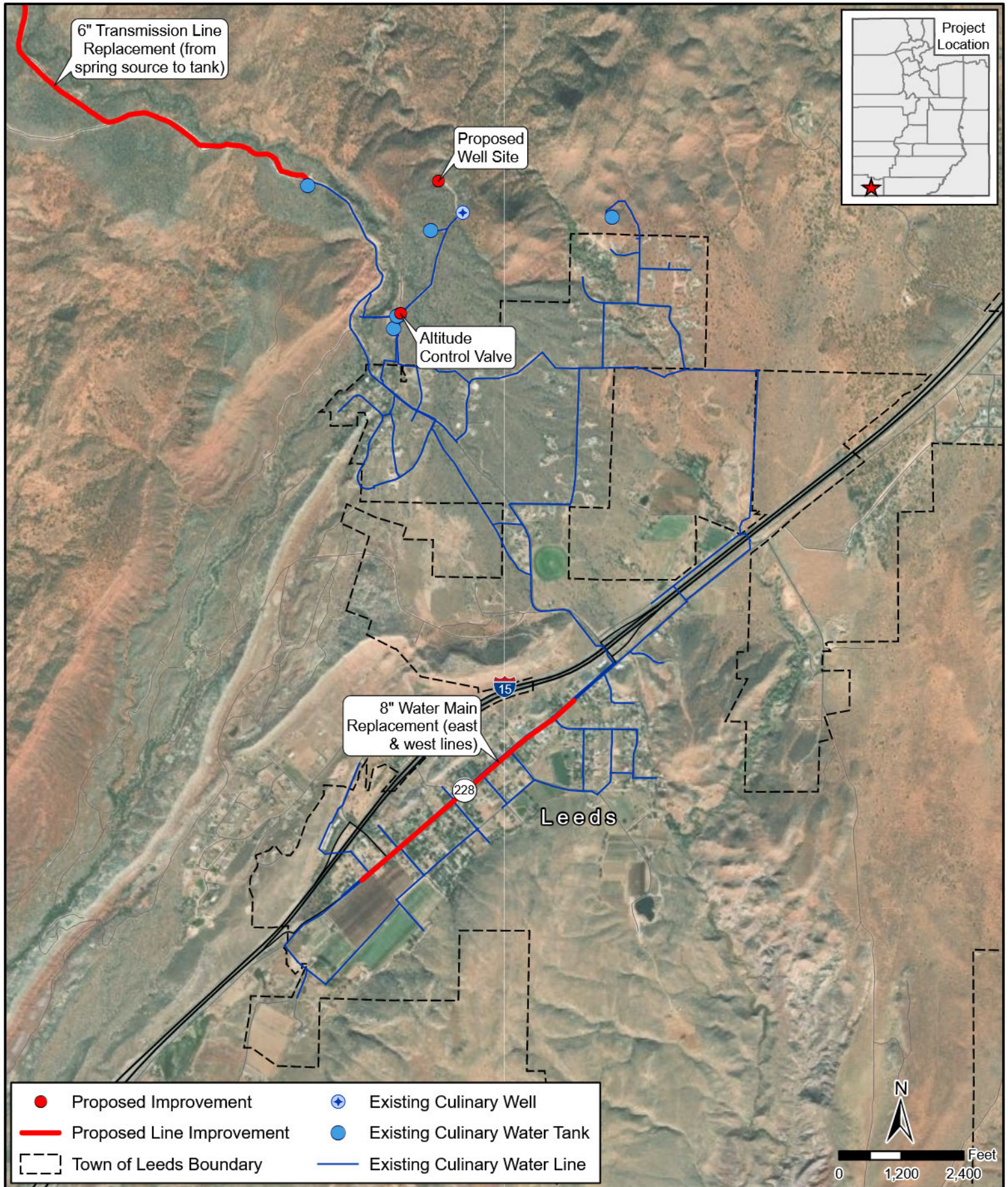
TABLE 1: IMPROVEMENT COST BREAKDOWN	
Proposed Improvement	Percent of Total Cost of Improvements
New Well	20 %
Distribution Line Replacement - East Side Only	18 %
Spring Transmission Line Replacement	43 %
Altitude Control Valve	1 %
Distribution Line Replacement - West Side Only	18 %



LDWA AND WATER CONSERVANCY DISTRICT PARTNERSHIP

The Washington County Conservancy District will be replacing their transmission line located along Main Street in Leeds in the spring of 2023. LDWA has observed frequent breaks in the main along Main Street. The District has offered to share construction costs by combining the paralleling lines into one trench. This will allow Leeds to improve the infrastructure at significantly reduced construction costs. However, in order to take advantage of this opportunity, the funding application was prioritized to match the District's construction schedule.

JDE and LDWA are currently working with the District's design engineer to ensure the paralleling main line design and construction will meet or exceed LDWA specifications and quality.



- Proposed Improvement
- ⊕ Existing Culinary Well
- Proposed Line Improvement
- Existing Culinary Water Tank
- Town of Leeds Boundary
- Existing Culinary Water Line



**Jones & DeMille
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Leeds Domestic Water Users Association

*Culinary Water Improvements
Project Overview Map*

Map Name: H:\JD\Proj\2206-014\Design\GIS\Projects\2206-014_Design\2206-014_Design.aprx - Exh_Project_Overview_DDW_Funding_App
Project Number: 2206-014 Drawn by: ALP 06-22 Last Edit: 07/06/2022

Washington County

Scale: 1" = 2,400'

1



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors
Wednesday, **August 17, 2022**, at Leeds Town Hall,
located at 218 N. Main Street, Leeds, UT 84746.

1) Call to Order (7:00PM)

- a) Roll Call
- b) Prayer
- c) Pledge of Allegiance

2) Announcements

- a) Consent Agenda
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports

- a) President's Report – [Don Fawson](#)
- b) Operations (Field) Report – [Kurt Allen](#)
- c) Finance Report – [Doris McNally](#)
- d) Administration Report – [Kurt Allen / Don Fawson](#)
 - i) Update on major system upgrades, Infrastructure Funding & Project Updates

4) Shareholders Comments:

No action may be taken on a matter raised under this agenda item.
Shareholder must step to podium to make comments.
To ensure the orderly conduct of business, comments will be limited
to three minutes per person.

5) Roll Call Vote to close meeting



Leeds Domestic Water Users Association (LDWA)
545 N Main St Suite #7 | PO Box 460627 | Leeds, UT 84746
Phone: (435) 879-0278 | E-Mail: LDWAcorp@infowest.com | Web: ldwacorp.org



MINUTES

Date/Time/Location:	August 17, 2022 07:03PM Meeting: Leeds Town Hall
Type of Meeting:	Meeting of the Board of Directors
Note Taker:	Layna Larsen
Attendees:	Members/Staff: Don Fawson (P), Kurt Allen (VP), Doris McNally (IT), Allen Cohn (M) Mark Osmer (Field Mgr), Layna Larsen (Corp. Sec)
	Shareholders: Terry Allen, Ron Cundick, Susan Savage, Bill Hoster, Steve Dyroff, Cynthia Neubauer, Michelle Peot, Danielle Stirling, Robert McNally, John Parry, Daryl Lewis, Lorrie Hunsaker, Ralph Rohr, Craig Sullivan, Zach Sullivan
	Special Guest: J&D Engineers - Parker Vercimak, Riley Vane

Agenda Topics

I. CALL TO ORDER [Don Fawson - @ 7:00 PM]

CALL TO ORDER	We would like to welcome everyone out tonight. We will start off with a roll call.
ROLL CALL	Present: Alan Cohn, David Stirling, Don Fawson (President), Kurt Allen, Doris McNally

II. PRAYER [Susan Savage]

III. PLEDGE [Danielle Stirling]

IV. CONSENT AGENDA, PRIOR MEETING’S MINUTES & POLICY APPROVAL/VOTES [Don Fawson]

DISCUSSION	Consent agenda consist of the acknowledgment the meeting notice was posted. It is also a vote to accept this month’s agenda and the previous months minutes.
VOTE	MOTION TO APPROVE PRIOR MEETING’S MINUTES: Doris McNally SECOND: Alan Cohn MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE TONIGHT’S AGENDA: Doris McNally SECOND: Alan Cohn MOTION APPROVED: Unanimously

DISCUSSION	RESOLUTION 2022-08 :: LDWA CAMERA NVR EQUIPMENT
VOTE	MOTION TO APPROVE PRIOR MEETING’S MINUTES: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Yea – Don Fawson, Kurt Allen, Doris McNally, Alan Cohn

DISCUSSION	RESOLUTION 2022-07 :: DELINQUENCY, WATER SHUT OFF POLICY
VOTE	MOTION TO APPROVE PRIOR MEETING’S MINUTES: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Yea – Don Fawson, Kurt Allen, Doris McNally, Alan Cohn

DISCUSSION	Statement [Don Fawson]
<p>It is our desire to be open and honest and as informative as possible while at the same time using our time as wisely as possible, in order for that to happen the following procedure will apply: The board will give reports and updates. No shareholder comments or questions will be accepted during this portion of the meeting, at the end of the meeting we will move on to the floor for comments.</p>	

V. OFFICERS REPORTS [All Board Members]

a) PRESIDENT’S REPORT [Don Fawson]

DISCUSSION	New LDWA Camera Equipment
<p><u>Don Fawson</u> - I wanted to make you aware of a proposal the Board has voted on. This is relative to the security system that we have. We have a number of cameras located throughout our system to keep track of things going on and they alert us if there are problems. Infowest is changing their system which is going to require the purchase of a Network Video Recorder (NVR) and some software that goes with it. The total cost is \$1,200.00, and the board voted unanimously to accept that.</p>	

DISCUSSION	Address question about spring water
<p><u>Don Fawson</u> - There was a question about the Spring Water - The question involved the fact our Spring is producing around 220 gallons a minute right now, consistently. We have been allowing all the water the pipeline can handle to flow through our pipeline. All that water does not belong to us. Only a portion of that water is ours. The rest belongs to the Leeds Water Company (LWC). The concern that was aired was that we were giving LWC some of our water. That is not true. And, in addition, it has been stated that we were pumping water for LWC needs. Again, not true. We met with the State Engineer, Nathan Moses, this afternoon, and the fact is that the 120 gallons a minute that we are allowing to flow back through our system into the weir that feeds the LWC is not our water, but theirs. The amount we’re diverting back in is not enough to make up the difference from what we're allocated and what they're allocated. So, we're not pumping any water for the irrigation company, all the pumping that we're doing is just to take care of our normal needs during the summer, which we normally have to pump. So, it's just a matter of bringing some of LWC’s water down our pipeline. It's not pumped, it's just gravity feed. It's not costing us anything and I think it's a service, for LWC, which I certainly am in favor of, trying to help them out anyway we can to prevent evaporation and other kinds of things. (They have reciprocated during times of emergency for LDWA).</p>	




b) FIELD OPERATION’S REPORT [Don Fawson/David Stirling/Kurt Allen/Mark Osmer]

DISCUSSION	Operations/Field Accomplished past Month [Mark Osmer]
<p><u>Mark Osmer</u> - Have been doing routine maintenance and checking everything. Everything is running well. The <u>Spring</u> is running well. We passed our Bac-T (bacteria) test again this month. Someone ran over a fire hydrant down on the end of Berry Lane and destroyed it, so we had to put a new fire hydrant in. That’s about it on the routine stuff. <u>Alan Cohn</u> – Did you do more cleaning out up by the Spring? <u>Mark Osmer</u> – No, I have not done that yet. We’re planning on going up there, pulling small trees out and just cleaning up around the spring again. We got permission from the Forestry Service to dump all the brush down in their <u>grave</u> pit on Oak Grove Road. <u>Kurt Allen</u> - I'd like to make mention that Sunroc donated the manhole structure / the vault for the new Meter that Mark is going to install in our main line coming down out of the canyon. I just wanted to recognize them that they donated the precast structure. <u>Mark Osmer</u> – Then we can take a meter reading at the top and at the bottom and see if we are losing any water.</p>	

DISCUSSION	Water Division between LWC and LDWA [David Stirling]
<p><u>David Stirling</u> – For the last 30 years since I've been running the family farm, there hasn't been a good way to divide The Spring water between the two companies, the Culinary and the Irrigation. We've had attorneys try to tell us this and figure it out, and we spent a lot of money, and it still wasn't very clear. So, we took it to the State Water Engineer. He sat down with us, spent a lot of time with us and then he made this spreadsheet so, we can determine how much water each company is taking, add that up and then he has the division, the percentage (<u>gallons per minute</u>) that each company is allowed to take. This will make it really easy for us to figure out. The Chart is for Class 1 water and then when we have higher water, Class 2, Susan's Class 3 water (and then our 2020 Wet Sandy rights).</p> <p><u>Alan Cohn</u> - And that was based on the measured flow at any given time.</p> <p><u>David Stirling</u> – Right. I think both companies agreed with this so, problem solved. We have a schedule or chart to refer to now.</p> <p><u>Alan Cohn</u> – That meeting was really eye opening for me as far as Water Rights goes and how it all works and all the little nuances. It was very worthwhile to me.</p> <p><u>David Stirling</u> – I would like to add – there was a water right LDWA had transferred from Wet Sandy changed to <u>The Spring</u> and at first The State Water Engineer said that was not a good idea (since moving it changes the date of the right from 1885 to 2020 which puts it behind the Class 3 water rights) and we should move it to our well (which would allow us to maintain the 1885 date). Then he changed his mind and said, you can have it on both points of diversion then you can use it at whichever_suits your needs the best. So, that was really nice.</p> <p><u>Alan Cohn</u> - The reason it was a bad idea initially was we lost our 1885 water right date which was a Class 1 and it became A Class 4 so, everything else gets satisfied first. But if we move it to the well and the spring, during the winter months we can use those water rights from the spring and take advantage of them and during the summer months we could use them for pumping from the well.</p> <p><u>Don Fawson</u> - Transferring it to The Spring changed it from a 1885 Water Right to a 2020 Water Right. Water Rights are allocated based on when they were established. So, the earlier the water right, the stronger it is. You have that right first before somebody who had a water right later. When the Wet Sandy right was transferred into The Spring, it became a of 2020 water right, which means that Class 1, Class 2, and Class 3 rights all have to be satisfied before it could be used, which means it is basically useless. So, by working with the State Engineer and being able to put it the Wet Sandy Right back into the well it will revert it back to that 1885 date for the well only and allow us at that point to be able to have access to that water, which is significant. We appreciate David initiating this.</p>	

DISCUSSION	GIS [Alan Cohen]
<p><u>Kurt Allen</u> – Alan can you update us on where we stand in collecting the GIS data for our shareholders meters?</p> <p><u>Alan Cohen</u> – Unfortunately, the last 2 months due to work and family deaths I have been unable to do this, I hope to now put it back on the top of my list.</p>	

c) Finance Report [Doris McNally]

DISCUSSION	FINANCIALS
<p>BILLING</p> <p>Billing, for July, was completed & mailed on Aug. 2nd.</p> <p>On the reverse side of the bill the New Drips Article about the updated Water Conservation Plan that was done.</p>	
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;">  <p>Need to contact the LDWA, it's simple. Phone (435) 879-0278 Please leave a message, your call will be returned promptly.</p> <ul style="list-style-type: none"> • To report an EMERGENCY water leak or a loss of water PRESS 1 • For a BILLING INQUIRY, PRESS 2 • For a GENERAL INQUIRY, PRESS 3 <p>Your message is immediately routed, and a LDWA representative will be in contact.</p> <p>Email LDWAcorp@infowest.com</p> </div> <div style="width: 45%;"> <p style="text-align: center;">Water Conservation Plan</p> <p>Water conservation is a top priority given that Washington County is one of the fastest growing and driest regions in Utah.</p> <p>In response to the increasing demands and concerns pertaining to water resources throughout the State of Utah, the state legislature has passed and revised the Water Conservation Plan Act (House Bill 71 and Section 73-10-32 UCA). This act requires agencies with more than 500 water service connections to prepare and submit a water conservation plan to the Division of Water Resources. The act also stipulates that the plans be updated no less than every 5 years.</p> <p>Although at this time the LDWA has only 409 connections, we recognizes the importance of conservation especially during a period where the region is experiencing drought conditions, that we are updating our plans.</p> <p>This water conservation plan has been prepared to address the concerns of leaders and citizens of both the Town of Leeds and the state of Utah.</p> <div style="text-align: right;">  <p>View Plan, Learn more: </p> </div> </div> </div>	

PAYCLIX

In July we had 68 shareholders pay their bills using this payment option. The total amount collected through PayClix was \$5,389.38. With 66% paid via credit cards & 34% via echecks.

	Credit Cards		Electronic Checks		PayClix®	
	Count	Credit Cards	Count	eCHECK	Count	TOTAL
Jan-22	33	\$2,149.28	13	\$641.94	46	\$2,791.22
Feb-22	30	\$1,574.26	19	\$1,047.57	49	\$2,621.83
Mar-22	33	\$1,961.13	20	\$846.85	53	\$2,807.98
Apr-22	34	\$1,547.00	16	\$1,068.23	50	\$2,615.23
May-22	33	\$1,510.34	21	\$1,434.03	54	\$2,944.37
Jun-22	41	\$2,653.92	19	\$1,303.09	60	\$3,957.01
Jul-22	46	\$3,561.35	22	\$1,828.03	68	\$5,389.38
	250	\$14,957.28	130	\$8,169.74	380	\$23,127.02

FINANCE

July's Total Net Ordinary Income was **\$24,709.98**

There are 4 Major categories for Expenses:

Ordinary Admin Operating Expenses: \$1,620.05.

This category YTD represents 9.3% of our expenses.

Ordinary Professional Operating Expenses: \$1,499.50.

This category YTD represents 6.8% of our expenses.

Ordinary Field Operating Expenses: \$14,400.35.

This category YTD represents 42.3% of our expenses.

Ordinary Operating Payroll & Taxes: \$9,923.29.

This category YTD represents 41.6% of our expenses.

The LDWA's Banking Accounts Stand at: (08/10/2022)

CHECKING ACCOUNT:	\$18,364.73
EMERGENCY REPAIR & MAJOR PROJECT RESERVE	\$284,203.44
DDW LOAN #3F138 FUND	\$36,483.87
IMPACT FEE ACCT	\$41,032.39
SAVINGS ACCOUNT:	\$362,203.44

DISCUSSION**Insurance Claim :: Hydrant Replacement [Doris McNally]**

Doris McNally – On 8/10 an individual hit and seriously damaged a fire hydrant located at S Main & East Berry Lane in Leeds. Based on the details obtained by the Officer who documented the incident, the insurance carrier of the Rental Car Firm (Travelers) said they were not identified as the primary carrier in the rental agreement. After some research the Insurance Company Amica was identified as the carrier for the driver. We submitted a formal claim with Amica on 8/11. The hydrant was not salvageable, so the claim submitted not only encompassed its full replacement but materials for connection pipe & road repair work that is needed, totaling \$10,960.56. I will report on this in as we get updates from the carrier.

DISCUSSION

Flume 2 Smart Monitoring Water Device [Doris McNally]

Doris McNally - This compliments the Water Conservation Plan that we communicated and everything we've been investigating. I've been investigating things that shareholders can do individually to monitor their usage at their own homes. Typically, how one monitors their water use is by reviewing their monthly bill they receive from the LDWA. On occasions shareholders are shocked to see the amount of water they have used, due to a leak, and then have to scramble to find the source of unexpected water use.

There are some new devices in the marketplace. They're called Smart Monitoring Water Devices and they work with a shareholder's Wi-Fi systems. There is one company that is called Flume. They make a product called Flume 2. It is a monitoring box that you attach around your meter simply with a stretch belly band. Then there is a Bridge Device you plug into an outlet in your house and connect the Box & Bridge to your internet service. You then download a free software app onto your phone or computer and the software enables one to see details about your water use. The whole process takes less than 10 minutes. It can even differentiate between the toilet, the sink, the dishwasher, the shower, and everything else.



So, we get phone calls where somebody had a leak, or somebody has a high bill and they want to know how to know ahead of time that there is a problem. Well, if you are concerned about that, the acquisition of a Smart Water Monitoring Device is worth its weight in gold, it could pay for itself with the identification of one leak. There are a number of devices out there. The Flume 2, retails for \$199. I've been able to negotiate a volume discount price for anybody in Leeds who wants to purchase a Flume 2. It's not mandatory. There's a discount code for it, "LDWA!" And with that 15% discount, it comes down to \$165.

I am personally testing the system right now and I have to tell you it's pretty interesting and accurate. I've measured it. I've taken a three-gallon bucket, filled it up with water and watched my water meter to see how much it was registering and what the gallons per minute were. So, it's pretty amazing technology. It actually alarms you if it sees a sudden large flow of water. Also, let's say you decide that your limit is 20,000 gallons, you can set your alarm for 19,000 gallons. The phone will actually ring and tell you, hey, check your water, you have problem. If you are away from home you can't turn off your water with your phone, but you could call LDWA to turn off your water. There are other devices out there, but the thing that's most promising about this one is that there is no plumbing required. So, you do not have to hire a plumber to put it in.

Visit the FLUME website to learn more: <https://flumewater.com/product/>
Want to order, use the discount code: LDWA
Retail Price: \$199.00 | LDWA Price \$169.15 + Free Shipping

RECOMMENDATION . . .

If you select to order a FLUME 2, when your shipment arrives call the LDWA (435-879-0278) and leave a message with your name, account # and phone number.

(You must "complete" all WiFi connections on your own. LDWA will only help with connecting the sensor to your meter).

The LDWA office will coordinate with you on a time when someone can come and assist you in installing your device.

- This will be done at no charge.
- It will take less than 10 minutes.
- Attempts to do this without his assistance could expose you to meter or antenna repair fees.

I installed my FLUME 2 about two months ago. It's already identified areas where I can conserve water to address high water use.

Don Fawson – We do want you to call LDWA, not Mark, if you decide to put that in. The reason for that is because there is wiring inside those meters, and an antenna that you can damage. LDWA will schedule an installer. One again, make sure you have completed the Flume 2 App install and connections first.

d) Administration Report [Kurt Allen]

DISCUSSION

Funding for infrastructure upgrades [Kurt Allen]

Kurt Allen – We appreciate all the hard work that our Board puts forth. As you can see, we've got a working Board that's not sitting around and we're trying to be forward thinking and make things happen and which leads us into our funding package and our engineering for our future projects. We're going to spend some quality time here with you tonight to show you some exciting things that are taking place. LDWA has applied for a funding package with the Division of Drinking Water (DDW) and we've asked our engineers, Jones and DeMille, to be here tonight to give us a presentation on that. We've received preliminary approval of our funding package and on August 31st that it will go before the Division of Drinking Water (DDW) Board for Final approval. We're excited to have that go before the DDW Board and get a positive review. You have met Riley and Parker, before in each one of our meetings where we've been talking about these projects. We've been working on this for some time now and it's finally becoming reality. You've got Riley and Parker here with Jones and DeMille, once again. I'm going to turn the time over to them to do a presentation and then we're going to have a presentation from Doris, (on comparative water rates). Then we can have a discussion. So, with the conclusion of the two presentations let's talk about it and get everybody's input.

Parker Vercimak - We appreciate the opportunity to be back. Thank you, shareholders. Thank you, Board. We wanted to report tonight, as Kurt mentioned, about the funding package. The funding application that was submitted, that we visited about a few weeks ago with everybody has been reviewed by DDW and they do have a funding package put together for us. It's come together rather quickly, Riley and I have been on board now as your engineers for six weeks or so. We're excited to be helping out and part of the reason it's moved quickly, is that there's a great opportunity at this point-in-time to capitalize on some grant opportunities that have not been available before and would likely not be available again for very long into the future. So, Riley and I just wanted to run through how we got to where we are, what the projects are, and then what the funding package means, and why it's important and critical at this point. So really the needs of these projects are not needs that have come up over the last six weeks. These are needs that have been identified as far back as the 2007 capital facilities plan. Several of those needs have been identified and reiterated through the 2015 capacity analysis, the 2017 impact fee and capital facilities plan analysis and again in the 2021 capital capacity analysis. In addition, Riley and I, we did our homework and our due diligence. We didn't want to just jump on board with reports done by other consultants through the years. But we did our portion of it to double check the system. We constructed a hydraulic model and verified the pressures, we had Mark helping get fire flows for us and calibrating our model to make it accurate, so that we could stand up here in front of everybody and say we recommend that you seriously look at these projects and this funding package particularly. With that it takes us into what are our project elements. Again, we talked about this at our last meeting. These are primarily our project elements.

Project Elements

- Total Project Cost - \$7,524,500
 - New Well – Est. Cost - \$1,316,000
 - Spring Transmission Line Replacement – Est. Cost - \$2,794,000
 - Altitude Control Valve– Est. Cost - \$62,500
 - Distribution Line Replacement (East Side Only) – Est. Cost - \$1,210,000
 - Distribution Line Replacement (West Side Only) – Est. Cost - \$1,195,000
 - Engineering, Legal, and Professional Services - \$946,000

1st - The New Well. 2nd - The redundant or backup source, however you want to term it is critical, especially in drought conditions. In the world we live in Wells fail, and Pumps fail. Sometimes Wells are contaminated from various sources or other reasons. None of those are likely, but certainly possible. It's also not likely you're going to get in a car wreck, but we carry insurance policies on our cars. So, it's kind of a similar thing. I know it, says \$1.3 million dollars, but believe me that is a really cheap insurance policy to maintain a sustainable drinking water system. The 3rd one - the Spring Transmission line replacement. We acknowledge the Spring line is likely under-sized for a portion of it. There's a possibility that there's leaking or other deficiencies in that Spring line, not to mention it's just severely aged and ready to be replaced.

Alan Cohn – The Spring Lines about 70 years old?

Parker Vercimak - 68 years, so it's well beyond its service life which is great. It was a great investment by the old timers who put it in. 4th - The Altitude Control Valve. Again, this just provides some added functionality to the system and allows us to put the water to beneficial use, where it needs to go. 4th - The Distribution Line replacements. So, one is on the East side of Main Street, and one on the West side, both of those show Hydraulic deficiencies and aging and a need for replacement and updating. Sections of the West side have been replaced in recent years and we will leave those intact and try to be efficient with our funds and we will work around those and keep those going. So, that's kind of a quick breakdown of what that \$7.5 million is.

Funding Opportunity

- Utah Division of Drinking Water, State Revolving Fund (SRF)
 - A loan of \$7,519,500 with \$3,499,500 in principal forgiveness (ie. GRANT) for a repayable loan amount of \$4,020,000 at 0% for 40 years.
 - DDW will review the application 8/31/2022
 - Board and JDE will attend meeting, explain project needs, answer questions, and board will vote on application (highly likely to be accepted by board)

So, the funding opportunity itself, as I mentioned previously. There's a lot of COVID money available right now through ARPA. You might have heard that term. There was a lot of money that was distributed earlier this year and late last year, and that money is decreasing quickly. We felt it was prudent to at least poise the LDWA at this time and put us in a position to have the opportunity for a funding package. Obviously, we need to go to Salt Lake in a couple weeks and see what the DDW has to say. We want to hear your input, we want to know how the Shareholders feel, how the Board feels. But essentially to be awarded a 47% grant for a project this size, that's impressive. To be considering almost a 50% grant, it's still a staggering amount to be considered, as well as about \$4 million in loan financed at 0% for 40 years. Again, as interest rates have climbed in the last year, to a loan at 0% interest it is a great financing opportunity. In the near future, and possibly long-term future, we may not see that opportunity again. So, again, I think we've caught the bus at an opportune moment, that we poised ourselves such that we can capitalize on this opportunity and address some of the needs that we have here. So, I'll just explained quickly to how this loan works. We submitted an application to The Division of Drinking Water, (DDW) Doris provided a lot of great information on your financials and how the LDWA functions. Then DDW looks at your MAGI, that's you're Medium Adjusted Gross Income, of your area. They look at that adjusted gross income number and then they factor what the State calls the maximum affordability, don't confuse this with the maximum you can pay on a water bill. They call it the maximum affordability. They apply this figure to determine when the grant kicks in, if you will. So, that's how they say this community, because of their financial effort, deserves a little bit more strength than that community. It's based off the Medium Adjusted Gross Income. So, if you have a higher gross income you're going to qualify for less grant. Leeds qualified for 47% Grant, which is fantastic. The funding, that's available right now has this federal stipulation that the total sum of money, not just for a single project, but the total sum of money cannot be more than 49% grant, so it has to be 51% loan adjusted by the community MAGI.

Grant (Loan Forgiveness) Calculation

- DDW Affordability is based on average (not base) monthly water bill.
 - Max affordability is 1.75% of MAGI (Median Adjusted Gross Income)
- Leeds MAGI = \$41,400
 - 1.75% = \$724.50 (annually)
 - = \$60.38 (monthly)
- LDWA Current Base Rate = \$40.00
- LDWA Calculated Monthly Average Water Bill =
 - \$50.07 (2019)
 - \$58.03 (2020)
 - \$53.55 (2021)

So, the fact that we got close to the middle of that, trying to get as much grant as we could, is fantastic. We'll go to the DDW review meeting and there will be entities there that will be offered more than 50% grant. They'll have a substantially lower MAGI than we have here, so that's just kind of the ranking criteria. At the end of the day, the State has to balance their budget. We understand that trying to finance that \$4 million over 40 years is still quite the burden. That's roughly \$100,000 a year. We understand that \$100,000 a year payment, is a lot to take on, and the State does too. They've assessed the repayment amount from their side, and they prepared a packet with information regarding their analysis of the affordability of this package for LDWA. So, the analysis is not available currently, but it will be available before the DDW review meeting, and we will review that with you and help explain what that means. Essentially, they'll look at what they would recommend and if we accept the package it will require, to some degree, a rate increase to take on this level of project.

Kurt Allen - Parker, let me emphasize just a little bit that the State is going to be driving that bus, and they're going to be, not only considering our Median Adjusted Gross Income, but they're going to be considering the dollar amount, what we can afford, and they're basically going to tell us what rate increase is needed, if there is one. But if there is one there, they're going to pretty much tell us what that's going to be. So, we're a little bit premature here tonight to quote numbers and nail that down. The calculations that Jones and DeMille have done here produces the \$60.38. But that doesn't mean that's what it's going to be. And we won't know until we have that discussion with the State.

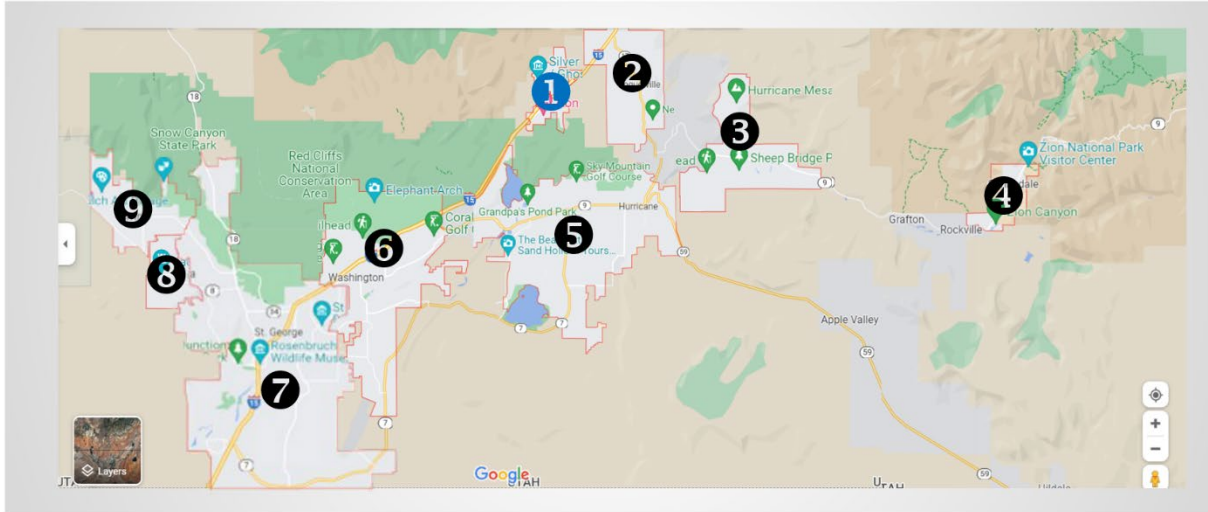
Parker Vercimak - Yeah, thank you for that. That's exactly right. So, we wanted to give as much information as we have today, but the bulk of the information from the Division of Drinking Water has not been made available yet. OK, so \$4 million zero percent for 40 years is roughly \$100,000 a year annual payment, which breaks down to roughly \$20.22 per connection per month if you were to just break it down to that level. That's just the raw breakdown.

Riley Vane - We wanted to provide a snapshot of the current DDW loan and where it sits. The original amount was for approximately \$1.1 million with interest rate at 3.6% for 30 years. The original maturity date was in 2041. The remaining balance is approximately \$270,000. Just by looking at the numbers here you can tell that this funding package that we are being offered is substantially better. It's quite the funding package that the DDW has recommended us for.

Parker Vercimak - So, once again, here's the current LDWA rate schedule just to get an idea of where we're at and how that plays. With this next slide, which is probably more pertinent, we did a quick comparison of the three-quarter inch residential meters in the area to do a comparison of LDWA and surrounding areas water rates. Just looking at the sheer numbers there, you can see that LDWA is definitely on the low end as far as the water rates are concerned. Some places are astronomically high. Springdale 1 being very high. Toquerville's pretty high and there is a big concern for water there. You can also see how the different communities have been handling their rates to try to stem the growing problems of sparsity of water. So, this opportunity to look at the analysis as part of the funding packages is timely. We know that rates are going to be the number one question on your mind and so we want to spend some time on this tonight and discuss it. You would know I want to come back to my comments earlier that we can't nail down exactly what our rates are going to be, but our presentation from Doris is going to go into detail on some of comparative rates so that it gives you all the information we can possibly give you so that we can have a good solid discussion and get some feelings from everybody on it. That basically concludes our portion of the presentation. I'll also hand out a flyer that we prepared last month for those who weren't available to attend, which describes a little bit more in depth the need for the projects and how The Board feels about some background information. Thank you, Board

Doris McNally - So the first thing we wanted to do is just take a look at all the different water systems around us and try to get a feel for how their pricing is structured. So, we looked at towns like Toquerville, Virgin, Springdale, Hurricane, Washington City, Saint George, Santa Clara and Ivins.

Price Comparisons :: Water Utilities



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OK. So, these are the different towns that we took a look at and wanted to see what their pricing models are and what their structures were. The first thing is, is that when you talk to the Rural Water Association, there are three major levers that drive the pricing or the structure of ~~of~~ pricing. 1) meter size, 2) classification, and 3) water use tiers. In our case, we use a combination of 2) classification and 3) water use. We currently have 410 active customers in our in our system. 358 shareholders fall into the Residential classification. They represent 91.5% of our total use of usage of water and they also represent 86.6% of our revenue. So, this gives you a feel for how our shareholders are set up.

LDWA :: Shareholder & Usage Analysis [Past 24 Month Average]

BREAKDOWN BY SHAREHOLDER CODE

RateCode	# of Users	% of Users	Usage	% of Total	Revenue	% of Total
Residential	358	87.3%	5,904,257	91.5%	\$19,840	86.6%
Commercial	20	4.9%	395,498	6.1%	\$1,406	6.1%
Institutional	5	1.2%	139,988	2.2%	\$830	3.6%
Industrial	1	0.2%	14,963	0.2%	\$50	0.2%
StandBy	26	6.3%	0	0.0%	\$788	3.4%
	410	100.0%	6,454,706	100.0%	\$22,914	100.0%

- **410** Active Accounts, segregated into 5 groups.
- **87.3%** are Residential
- Residential represents **91.5%** of our usage & **86.6%** of our revenue.

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So, lets now take a look at our current pricing structures in relationship with other water systems in our area. **Once again the purpose of this exercise is not to do a price comparison, but to just look at how other water companies structure their business model.** The one thing I will say is that most of the towns have a Base Price and then the base price and then tiers set the pricing for water use.

Price Comparisons :: Segments & Tiers

	LEEDS Residential (34*) 2022			TOQUERVILLE Residential (34*) 2022			VIRGIN Residential (34*) 2022			SPRINGDALE Residential (34*) 2022			HURRICANE Residential (34*) 2022		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
BASE:	0	0	\$40.00	0	0	\$55.00	0	0	\$55.00	0	0	\$17.78	0	0	\$33.76
Tier 1	0	20,000	\$0.00	0	10,000	\$0.00	0	15,000	\$1.00	0	5,000	\$5.41	0	5,000	\$1.03
Tier 2	20,001	40,000	\$1.00	10,001	15,000	\$4.00	15,001	25,000	\$2.00	5,001	10,000	\$7.61	5,001	10,000	\$1.08
Tier 3	40,001	60,000	\$3.00	15,001	20,000	\$6.00	25,001	40,000	\$3.50	10,001	25,000	\$9.46	10,001	20,000	\$1.13
Tier 4	60,001	80,000	\$5.00	20,001		\$8.00	40,001		\$4.50	25,001	50,000	\$10.93	20,001	30,000	\$1.30
Tier 5	80,001	100,000	\$6.00							50,001		\$12.04	30,001	40,000	\$1.47
Tier 6	100,001		\$7.00										40,001	60,000	\$1.71
Tier 7													60,001		\$1.94
Tier 8															
Tier 9															

	LEEDS Commercial, Institutional, Industrial (2*)			VIRGIN Commercial, Institutional, Industrial (2*)		
	1	2	3	4	5	6
BASE:	0	0	\$40.00	0	0	\$90.00
Tier 1	0	20,000	\$0.00	0	15,000	\$1.00
Tier 2	20,001	40,000	\$2.00	15,001		\$2.00
Tier 3	40,001	60,000	\$4.00			
Tier 4	60,001	80,000	\$5.00			
Tier 5	80,001	100,000	\$6.00			
Tier 6	100,001		\$7.00			
Tier 7						
Tier 8						
Tier 9						

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Price Comparisons :: Segments & Tiers

	LEEDS Residential (34*) 2022			WASHINGTON CITY Residential (34*) 2022			ST GEORGE Residential (34*) 2022			SANTA CLARA Residential (34*) 2022			IVANS Residential (34*) 2022		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
BASE:	0	0	\$40.00	0	0	\$18.17	0	0	\$20.75	0	0	\$32.00	0	0	\$18.78
Tier 1	0	20,000	\$0.00	0	5,000	\$1.70	0	7,500	\$1.20	0	5,000	\$0.00	0	7,000	\$2.35
Tier 2	20,001	40,000	\$1.00	5,001	10,000	\$1.82	7,001	15,000	\$1.70	5,001	9,000	\$0.70	7,001	15,000	\$3.13
Tier 3	40,001	60,000	\$3.00	10,001	15,000	\$1.94	15,001	22,500	\$2.00	9,001	16,000	\$1.23	15,001	30,000	\$3.88
Tier 4	60,001	80,000	\$5.00	15,001	20,000	\$2.06	22,501	30,000	\$2.30	16,001	23,000	\$1.48	30,001		\$5.03
Tier 5	80,001	100,000	\$6.00	20,001	25,000	\$2.18	30,001	37,500	\$2.85	23,001	30,000	\$1.92			
Tier 6	100,001		\$7.00	25,001	30,000	\$2.30	37,501	45,000	\$3.50	30,001	45,000	\$2.36			
Tier 7				30,001	35,000	\$2.47	45,001		\$4.25	45,001	60,000	\$2.92			
Tier 8				35,001	40,000	\$2.64				60,001		\$3.55			
Tier 9				40,001		\$2.81			\$4.25						

	LEEDS Commercial, Institutional, Industrial (2*)			WASHINGTON CITY Commercial, Institutional, Industrial (2*)			ST GEORGE Commercial, Institutional, Industrial (2*)		
	1	2	3	4	5	6	7	8	9
BASE:	0	0	\$40.00	0	0	\$130.00	0	0	\$148.15
Tier 1	0	20,000	\$0.00	0	36,000	\$1.70	0	50,000	\$1.20
Tier 2	20,001	40,000	\$2.00	36,001	71,000	\$1.82	50,001	100,000	\$1.70
Tier 3	40,001	60,000	\$4.00	71,001	107,000	\$1.94	100,001	150,000	\$2.00
Tier 4	60,001	80,000	\$5.00	107,001	142,000	\$2.06	150,001	200,000	\$2.30
Tier 5	80,001	100,000	\$6.00	142,001	178,000	\$2.18	200,001	250,000	\$2.85
Tier 6	100,001		\$7.00	178,001	213,000	\$2.30	250,001	300,000	\$3.50
Tier 7				213,001	249,000	\$2.47	300,001		\$4.25
Tier 8				249,001	284,000	\$2.64			
Tier 9				284,001		\$2.81			

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Now let's look at an apples-to-apples usage comparison across all these pricing models. What you see here, using the assumption that somebody would use either 20,000 gallons, 40,000 gallons or 80,000 gallons.

Price Comparisons :: Segments & Tiers

	LEEDS Residential 2022 ①			TOQUERVILLE Residential 2022 ②			VIRGIN Residential ③			SPRINGDALE Residential 2022 ④			HURRICANE Residential 2022 ⑤		
	20,000	40,000	80,000	20,000	40,000	80,000	20,000	40,000	80,000	20,000	40,000	80,000	20,000	40,000	80,000
BASE:	\$ 40.00	\$ 40.00	\$ 40.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 17.78	\$ 17.78	\$ 17.78	\$ 33.76	\$ 33.76	\$ 33.76
20,000	\$ -	\$ -	\$ -	\$ 49.99	\$ 49.99	\$ 49.99	\$ 25.00	\$ 25.00	\$ 25.00	\$ 159.68	\$ 159.68	\$ 159.68	\$ 21.85	\$ 21.85	\$ 21.85
40,000		\$ 20.00	\$ 20.00		\$ 159.99	\$ 159.99		\$ 74.75	\$ 74.75		\$ 211.24	\$ 211.24		\$ 27.70	\$ 27.70
80,000			\$ 60.00			\$ 320.00			\$ 180.00			\$ 470.49			\$ 73.00
	\$ 40.00	\$ 60.00	\$ 120.00	\$ 104.99	\$ 264.98	\$ 584.98	\$ 80.00	\$ 154.75	\$ 334.75	\$ 177.46	\$ 388.70	\$ 859.19	\$ 55.61	\$ 83.31	\$ 156.30

	LEEDS Residential 2022 ①			WASHINGTON CITY Residential 2022 ⑥			ST GEORGE Residential 2022 ⑦			SANTA CLARA Residential 2022 ⑧			IVANS Residential 2022 ⑨		
	20,000	40,000	80,000	20,000	40,000	80,000	20,000	40,000	80,000	20,000	40,000	80,000	20,000	40,000	80,000
BASE:	\$ 40.00	\$ 40.00	\$ 40.00	\$ 18.17	\$ 18.17	\$ 18.17	\$ 20.75	\$ 20.75	\$ 20.75	\$ 32.00	\$ 32.00	\$ 32.00	\$ 18.78	\$ 18.78	\$ 18.78
20,000	\$ -	\$ -	\$ -	\$ 37.59	\$ 37.59	\$ 37.59	\$ 32.60	\$ 32.60	\$ 32.60	\$ 17.33	\$ 17.33	\$ 17.33	\$ 60.88	\$ 60.88	\$ 60.88
40,000		\$ 20.00	\$ 20.00		\$ 47.94	\$ 47.94		\$ 52.37	\$ 52.37		\$ 41.48	\$ 41.48		\$ 89.09	\$ 89.09
80,000			\$ 60.00			\$ 112.40			\$ 166.25			\$ 126.59			\$ 251.49
	\$ 40.00	\$ 60.00	\$ 120.00	\$ 55.76	\$ 103.70	\$ 216.10	\$ 53.35	\$ 105.71	\$ 271.96	\$ 49.33	\$ 90.80	\$ 217.40	\$ 79.66	\$ 168.76	\$ 420.25

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We wanted to compare apples-to-apples, not just rate schedules. So, looking at LDWA’s model, if you use 20,000 gallons, your bill is \$40 that month. If you use 40,000 gallons, you pay \$60, and for 80,000 gallons, you pay \$120. That is our Residential reschedule.

Deeper analysis shows:

- that Springdale has the Highest bill @ 20Kgallons (\$177.46), and Santa Clara has the nearest bill @ (\$49.33)
- that @ 40Kgallons Springdale has the Highest bill once again at (\$388.70), and Hurricane has the nearest to us at (\$83.31).
- That @ 80Kgallons Springdale once again has the Highest bill at (\$859.19), and Hurricane has the nearest to us at (\$156.30).

Now clearly there are differences between these water companies, in their relationships with local government and in the sizes of their organization in staffing. These of course affects their cost of operation. But when looking at the LDWA, DDW looks at all these systems to establish their MAGI calculations.

Kurt Allen - Thank you, Doris. I want to make mention that accurate data keeping is the key here and in the future. We are going to have even better record keeping because of the meters that are installing. We recently replaced the broken meter up at The Spring. Like we mentioned earlier, Mark will install another meter down at the bottom of the Canyon before the water goes into the tanks. LWC is working on meters for the irrigation company. So, the record keeping has been a pivotal part of this entire process.

VI. SHAREHOLDERS COMMENTS

DISCUSSION	Shareholders Comments/Questions [Don Fawson]
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Don Fawson - Procedures for making comment:

- 1) Shareholders must step to the podium to make comments,
- 2) Clearly state your name and then ask your question,
- 3) Please limit your time to 3 minutes per person
- 4) No Action may be taken on a matter raised under this agenda item
- 5) Comments need to be confined to issues, not individuals.
- 6) If an item or question has already been discussed, we will cordially move on, out of respect for everyone’s time.

DISCUSSION	WCWC & LDWA Funding of Main St Project & Water Rates Promoting Conservation [Michelle P]
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Michelle Peot - Hi, I had a question or two questions actually. One is. Is Washington County Conservancy District just a separate pool of money because Local Taxes versus State Taxes and is it possible to make up some of the money that we would not get through A State grant through those, through that pooling?

Kurt Allen - The answer is yes, WCWCD has a separate pool of money and yes, we are talking to them about how the partnership with the Conservancy District to put this main line up Main Street is going to work. They are going to participate in a large share of that cost, so. Yes, that that money is going to come back, not in cash, but in participation and in cost share through the project. And so, yes, we are working on that.

Michelle P - Second question is: Is part of the process where we, I know that the State would come back and say this particular water rate, but as part of the process shouldn't we potentially be restructuring our base rate because, to be honest, if 20,000 gallons is where that first or the next tier kicks in, there's really not much incentive to conserve.

Doris McNally - Michelle, if you read the New Water Conservation Plan we put together, it's one of the things that we commit to investigating. Clearly, you know, having different tiers and driving people to be more frugal with their water usage is absolutely a worthy goal. But it's also making sure that we give the knowledge to people that they can start to control their own destiny. Like the earlier mentioned "Flume 2" unit.

Michelle Peot - So I get that, but when you know your next year kicks in at 20,000 gallons it's really there's not a lot of incentive to conserve. Then it's also an incentive when you're asking people to you know previous purchases, hardware or software, etc. Yeah, I think if you if you made the first tier lower, like Springdale, and yeah maybe not expressly Springdale, but something like that it does help with conservation and all those things are under investigation.

Don Fawson - That's true, Michelle, let me just say something on that we want to make sure that we're very sensitive to shareholders as well, the "haves and the have nots" in our community. Because there's some of both. A rate increase may not be a big issue to the people that have the ability to pay it, but there are some people that are going to struggle, with this and so we're going to be very sensitive to that and not just run rampant with this, assuming that everybody is OK with the rate increase.

DISCUSSION	Replacement of pipes & pricing [Ron Cundick]
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Ron Cundick - Question for the engineers. Have you taken into account all the infrastructure that was put in the system over the past few years.

Riley Vane - Yes, that's exactly what we've been doing. That's been part of the process of modeling is to restrict our improvements to the oldest pipe. Replace that.

Kurt Allen - That's right. Our projects that we now have on the table are new pipes are new pipes replacing old.

Ron Cundick - The other question or at least comment I have is on the rates. Do we know if the other water companies have paid staff or paid board and like that which could be explain why their rates are so high?

Kurt Allen - Good question, because we use volunteers, we are able to keep our costs way down. As Doris mentioned each one of these companies have different situations. We are in a unique situation where volunteers do much of the work these other firms pay employees to do.

Ron Cundick - My concern is that we remember it. Everybody here has paid for an acre foot of water. For 20,000/month, that much water. And so, the rate should not cut a shareholder out of using that water, and it's absolutely necessary. Otherwise, they pay for water they're not going to get because the rates are too high. I really doubt if these other communities have an acre foot of water. Especially the ones that are priced so high. So I think in that sense we're very unique as a community and we should take that into consideration because many, many of these communities are just getting their water from the Water Conservancy and they didn't have to buy a water share, they're just paying for the water they get and that's a huge difference.

Kurt Allen - We are very unique in comparison with all these other cities because all of these other cities are getting water from the Conservancy District. We are the only ones that aren't. That's right

DISCUSSION**Local Government Oversight [Bill Hoster (Mayor)]**

Bill Hoster (Mayor) - So we're going to be making agreements with DDW. They're already instilling restrictions with the Conservancy, of which all of those organizations that are buying water from the Conservancy right now are obligated to comply with the new ordinances that they set out by those specific ordinances? Have you received anything from that? By accepting this money at 0% interest rate, I'm curious of what kind of agreement they can requirements they can place on the water use of residents of Leeds if we participate in this loan. I know that those have all been pushed out to the city's kind of voluntarily at this point. We just received notice from Mitt Romney and a couple of others. You know that they want to these requirements mandated. The Federal Government has already done this to New Mexico and I'm just curious if you've seen any insight into that or if legal counsel had any review of that. Thanks.

Don Fawson - Let me turn this over to our engineers for just a minute, do you have any insight on that first of all?

Riley Vane - So I'm not specifically familiar with what you were referring but from previous DDW funding package experience, the main requirements are that we resolve all our IPS points. IPS points are negative things in the system or non-compliant components in the system. So, every three years somebody from The Division of Drinking Water comes down, review the entire water system with Mark for instance, if you've got an air vent that's not 18 inches above the ground there's ten IPS points you don't have that and so forth. They have a whole list of items. That, to my knowledge, is always a requirement they give funding. As engineers, we feel like that's just a no brainer. We want to get you back to full compliance with The State as far as their rules and regulations are concerned. While we're doing a project, let's just get it all knocked out. We will coordinate with Mark, with The Board and then with The State Engineer, as well. So that's the first requirement that DDW do imposes. I'm not aware of any water conservation mandates. They mandate those in the future. Entities have had to adopt a rate structure that would provide an average water bill that matches with The State guidelines. Entities have to have an average water bill to say that they could afford their funding package offer. So the DDW will calculate all for us. They'll present it to the DDW Board and then The LDWA Board will have to bring that back to the shareholders, I would assume, and have a shareholder's hearing and some other public process. It's not just, let's raise the rate and it's a one and done. No, it's a two-step process. You have to advertise it in a shareholder's hearing in the document resolution. So that is mandatory. The other thing is you have to adopt bond parameters. They'll be a bond attorney that comes from the attorney side. They'll establish bond parameters and work through an escrow account. on the financial side of that, those are the only requirements that I'm aware of based off of two of these that were just closed, one this week, and one last week. Again, water conservation is a hot topic of The State, The Region and The Nation. You hear the word mega drought, as you'll see advertised. That's all a hot topic. But, as far as from what I've personally seen, through this funding specifically, I've not seen anything mandated, "You have to do this or you have to limit that."

Don Fawson - One of the things you look at is this, there's really only two things that I could think of related to water cost. And that has to do with 1) the infrastructure, paying back loans, those kinds of things taking care of maintenance and possibly setting something aside for future kinds of things. And 2) the other thing is water conservation. To just encourage that rates don't need to be to the point where they're punitive. There just needs to be at the point where they encourage conservation or brings people attention to using water more conservatively. So I'll just state obviously, the Division of drinking water has control over all the drinking water and they have the power and authority through legislation to be able to make changes. But I think that as we looked at Doris' presentation on just the various water structures in the area, I think we're very blessed.

DISCUSSION**Acre History [Susan Savages]**

Susan Savage – Just some thoughts on the “haves and haves nots “and on the one-acre foot discussion. As The State and The Conservancy District reduced the amount of water that they require for each home to 89.5 acre feet, in addition the District is asking to lower this down and wants to go even lower to about 59.5. So then, you know, I think about how fortunate we are. We so we have people in our community that don't need much water and then we have families who are trying to grow a garden which helps them to sustain themselves. And so, to

me, I would hope that we wouldn't go below the one acre foot because here's the fall back when you get into a drought. if you allocate water to homes based at the lowest allowable level, on the driest year, we'll all be short on water. So to me a little extra (one acre foot) in there that maybe extra for some people and maybe not be for other, Is the fall back, against Lean years.

Don Fawson - Whether it's finances or anything else, it's great idea not to push yourself right against living paycheck to paycheck.

DISCUSSION	Rates, Spring Use (LWC/LDWA) [Ralph Rohr]
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Ralph Rohr - I'd like to support what Susan just said and pointed out that water is not the only thing we're going to be paying for in the future, that inflation is going to hit many people in many areas, all utilities. So, I'd like not to see us go too draconian when changing the current rate structure. I'm getting older and I don't always understand and hear so well, but at the beginning we were talking about LWC's use and LDWA's use. Basically, what I'd like to understand is what percentage of The Spring output is LDWA's and what percentage is LWC's?

Don Fawson - Let me give you an example of how this this chart that they gave us today works. So, basically what they're looking at is you take the entire System Flow, which is everything that comes out of The Spring and everything that comes down the Creek. Once you have that, you can just add The Spring-meter reading to The USGS reading are for the Creek, then refer to the chart. OK, Let's say that the total flow of the system is 1.000 gallons a minute, then LDWA is allowed to access 44 gallons a minute while LWC has access to the remaining 858 gallons per minute. Since both the Spring and the Creek can both vary their flow independent of each other one cannot simply assign a percentage of right to The Spring.

Ralph Rohr - Is there enough flow from The Spring, to satisfy the LDWA usage of water? Or what's needed to satisfy? I just don't quite understand.

Don Fawson - I don't know what the exact amount is per day that we need to have, but the point is that no, it's not enough. We have to pump water out of The Well as well to be able to satisfy our water needs.

Doris McNally - That's also where the capacity studies since 2007 have identified that we need to bring more water delivery capacity into the system. It should just not be storing water. We need to take advantage of the water rights that we currently have, so that's why the well project is important work.

Don Fawson - Even in a year where we were able to take advantage of everything that we potentially could from The Spring, we would only be up to 172 gallons a minute. That would be the maximum of our first class and Class 2 water rights. It would still be not enough during the summer be able to satisfy our need without pumping.

Ralph Rohr - So we're not getting enough water just out of The Spring?

Don Fawson - No, we're not getting enough water just out of The Spring. We need The Spring augmented by the well during the summer months.

Riley Vane - On your capacity analysis, The State requires it be based off your connections. You have 696 gallons per minute source capacity, based on year 2021.

Ralph Rohr - If we get down to even worse drought conditions, what will be the priorities in determining the distribution of water to the two different companies.

Don Fawson - The State Engineer said today that the allocation does not Change, Unless The Governor himself declares the emergency in which case then irrigation can be divert over to culinary. But again, then damages can be assessed against the culinary company for whatever, and we don't know how that would work out, how the lawyers would get involved. All the craziness would happen. We hope it never happens. (At times in the past, LWC has been very accommodating to work with LDWA to find the best solution short of expensive legal battles to find a best solution).

Bill Hoster - Actually, right now? That was 2 months ago. The Governor had declared it.

Don Fawson - It is better now than it has in some years past So, we as a community, and we as a water company, are not in this situation. Others have to deal with that. The interesting thing is our well has not dropped at all. Our Spring pipeline flow has not dropped at all.

Ralph Rohr - That's encouraging to hear.

Danielle Stirling - I thought I would offer some background on the last water agreement. I went through a ton of emails and found quite a bit of information when I was on The Board and the nature of what that project was. That consists of the replacement of water lines, of water meters, bringing in an inactive water storage tank, aligning with the borrower's system and adding a redundant water source to that system. Also, what we inevitably did is brought all the non-compliant water fire hydrants back on line, and then for the covenants it said we completed all work before December 31st, 2011. Then this agreement was signed August 30th, 2010. But, we would need to secure the loan for the project upgrade. The only way the loan was approved was to use our water rights as collateral. And we decided that of course the \$20 project upgrade and then we had \$20 base price for the active tab. And I know a lot of people said that we have never raised rates, I mean actually we doubled rates because originally, it was 40,000 gallons per and we kept it at \$20, added the extra \$20, but then we decreased it to 20,000 gallons per month. So, we did have a quite a substantial increase in rates. Then we upgraded all fire hydrants to meet flow. We painted tanks, and drilled two dry wells. I think we took a pipeline under the freeway as well. Each draw was determined by the previous months expenses that Northern Engineering would give directly to the Division of Water Rights. And I think that you guys (Board Members) drove it directly up there, they reviewed everything. Once they determined they had money in the project account they would disperse that to Northern Engineering to get paid. But The Division Of Water Rights came down and did their final walkthrough after the loan had been funded before that December 31, 2011. And so, I heard through the Grapevine, I don't recall how I even heard this, but they had said that you guys had a question on whether or not we could pay that loan off because we didn't necessarily do the whole scope of the project. And I just wanted to put on record that before that December 31st, 2011 in the contract they signed off on everything that we had done and they dispersed all that money. So then after this December 31, 2011, they weren't going to allow us to do any other projects on that particular loan. So, moving along with this whole thing, the intent was never that if you paid the loan off, they would take our water rights if we didn't do everything on the list. When they completely finished the funding, they came down and did that walkthrough. But the reason, when we were when I was on The Board, that we continually made the extra payments of \$100,000, (approximately \$50,000 loan, \$50,000) extra it was either \$50,000 or \$100,000 and I know that it was supposed to be paid off by 2040. I was the Treasurer, at the time, and the reason I was so adamant about making sure I'm putting those extra amounts is that all of our, 100% of our, water rights are encumbered by DDW right now. And so, my intent was to try and pay it off as quickly as possible so that we didn't have our water rates in encumbered by the Department of Drinking Water. So, one question of all of this is, are all of our water rights going to be encumbered again for the next 40 years on this loan? My intention and purpose is hopefully, I would love to see the original loan paid off in two years, which is what we were hoping to accomplish-with that extra \$100,000 every year or \$50,000 to \$100,000. It was \$ 250,000 or \$273,000, I think left on the loan. We would be able to have our water rights unencumbered again. The other thing too is we are talking about the increased rates. That \$20 in the original documentation of that loan that we did, and I'm sure Ron can attest to this, we specifically said \$20 is project upgrade. In 100% of that \$20 had to go to that loan and we promised the shareholders and it would not be used for anything else. I don't know what I think it was like 2019, 2020. After I got off The Board, I got the water bill and it said just \$40. It no longer said \$20 and \$20. So that actually is another increase in rates that we have and the last thing I will say is, for water conservation. There's a difference between water conservation and reallocation of water, and I'm hoping that if you say that you're going to use water rates to encourage water conservation, it's not going to be, We're going to conserve water to increase the amount of water in order to give it to development. And I believe that, you know, we all have a right. It's a difference between all of those different towns. And in Leeds it is that we're shareholders in our Company. We're not paying Washington County Conservancy. So, the differences in the water that are much higher is because they're also paying their cut to whatever Washington County Conservancy wants to do. I'm hoping that we can continue to conserve water, but also, there's a little sign in Utah that says, "If you don't use it, you lose it." So I would hope that we would remember that because when they come in to reallocate water, if we haven't used it, it's no longer ours. And thank you for all you do.

Don Fawson - I appreciate everything you said. One of the things I'd be really interested in. Daniel, are you coming with this? What does it mean that the water rights are encumbered by the DDW?

Kurt Allen - Security/Collateral for the loan.

Danielle Stirling - We had to put all of our water rights as collateral for that loan. So if we didn't pay it. They got all of our water rates, is that correct? All the ones that were encumbered.

Don Fawson - And that's kind of the way it is, I guess, with mortgages and everything else, but who actually, in essence, owns all of the water rights in The State. We might have water right and the DDW, The State might sign off and say we have a right to the water. But it's the same group. And, so I guess hasn't created a problem for The Water Company. Based on what you guys did up to this point. I guess I'm just having a hard time understanding the real consequences of the DDW holding our water rights as collateral. Maybe an attorney could help me understand this better as to whether there's really a negative. By having The State encumber the rights, the State is expecting to be paid and those rights are something as opposed to nothing. Anyway, that's just a question I have. I think your point is well taken, I just don't understand exactly how it's a problem.

Danielle Stirling - I think the difference is that we are a private water company. I guess talking to a water rights attorney would probably be good. But, those encumbered water rights shows we may not own them, but we have the rights to them.

Ralph Rohr - What would be wrong with just going ahead with the plan that Danielle set up back then and pay that off so we don't have that hanging over our heads?

Don Fawson - One of the reasons that we even pushed this along this, this as fast as we've been doing it are for two reasons. One, there was an opportunity to be able to save some money by partnering with Washington County Conservancy on their Main Street waterline replacement project, but the other I think was presented by our engineers today and that is that there was an opportunity right now, based on COVID money and some other monies to be able to access funding and secondly get it at such a good rate. We have almost 50% forgiveness and 0% interest. So, it's kind of opportunistic. But the other thing that I look at is this is based on the studies that have been done and what the what the master plan was. These projects were mentioned in previous plans and were just kicked down the road. We have the opportunity of being able to take care of those projects right now and I think it is just wise to be able to move on these things now.

Ralph Rohr - So are you saying that if we were to pay off the current loan it would hamper us being able to get this new loan?

Don Fawson - I'm saying the timing is right now. The other thing is that even if we wait and get a loan later we're still going to have our rights-encumbered. The DDW is going to expect it. So, nothing changes in that respect.

Danielle Stirling - I think he was asking. Why haven't the extra payments been made payments been made?

Don Fawson - This year? Because we needed-that money for projects, that is what happened. So, it was just plowed back into infrastructure and particularly it was plowed back in because we saw there was supply chain problems, prices were increasing. We felt it would actually be better service to the shareholders be able to put that into something solid. So that was the reason.

Ralph Rohr - But that was not was intended and promised.

Don Fawson - You know, the interesting thing with this, Ralph, is this. That what one board decides does not always obligate the next board. So, it's not like this goes into perpetuity, and I'm not saying that we're ignoring what the previous Board did or not appreciating what happened. It's just what we felt needed to be done for the system and the shareholders.

Ralph Rohr - But your maintaining a loan of 4% or something like that and continuing to pay interest.

Don Fawson - But we're not going to be paying on that debt loan as it would be rolled into this new loan at 0%.

Ralph Rohr - The just the current balance would be rolled in?

Don Fawson - Yes.

DISCUSSION

Spring Schedule & Current DDW Loan [Darryl Lewis]

Darryl Lewis - Is this Spring Water use schedule even available to the shareholders? It's available online?

Kurt Allen - There's a site, USGS, we can actually give you the site where you can go and look at it.

Darryl Lewis - How would that work, so I can print out what you have in your hand.

Don Fawson - Yeah, this is not online and in fact this is a draft.

Darryl Lewis - So it's not accurate.

Don Fawson - No, the State Water Engineer wanted to look it over a little bit more.

Darryl Lewis - So it's not accurate.

David Stirling - No I think it is accurate, but they have to sign off on it. His exact words were that he, "Thinks it's accurate, but he wants to double check it.

Darryl Lewis - OK. Don, you just made this statement that the current loan balance is going to be rolled into the new loan. Why does that not show in this paperwork?

Riley Vane - As was explained the final paperwork hasn't been finalized yet. We're going to be looking for that from the Division of Drinking Water.

Darryl Lewis - Well, I'm a little bit confused. I just heard that it was roll into the loan and now you're saying it's not finalized?

Riley Vane - I'm saying we haven't seen the package yet.

Darryl Lewis - What packages is that?

Riley Vane - That is the DDW packet.

Darryl Lewis - Isn't that the package?

Kurt Allen - No Darrell. On August 31st, the Drinking Water Board takes this package into consideration and will approve it, or disapprove?

Darryl Lewis - As a business person, I'll just make one statement about this. It's somewhat amazing to me none of these costs have been documented. That there was a need for this money to be spent. In business, you're not saving money by spending money that you don't have, just simply because it's available to spend? That's not a good business decision. We made it a business decision to take out a loan and we have historically been paying that loan down very rapidly. We had been paying it down, and continued to pay it down at the rate that historically we've been paying it down. In two years, that loan would have been paid off. Totally. And it's interesting that this loan has a payment of \$20.23 projected and that comes pretty close to the \$20 that we've been paying down on the old loan and the people wouldn't have to be faced with these increases. It boggles my mind that we are comparing what we pay for water to the rest of the greater community, the rest of Southern Utah. I don't know anybody that makes a house payment based upon what everybody else is paying. Or buying a car and may and be making payments that everybody else is paying. What does that have to do with anything? I kind of asked a few questions awhile back. Justifying needs for this expenditure, and it's just not there. We don't need to spend this money. We don't need to upgrade our distribution. We don't have to replace that. They're not having problems with it. Are we business people or are we just out to spend money?

Kurt Allen - Let me, let me address that just a little bit. There hasn't been any money put back into our system over the past 12 years since our other project and our system is deficient and our pipelines are old and we need to invest in our system. Otherwise, in a few years we're not going to have one, if you recall the Capacity Studies that were done when you were on The Board these needs/improvements were well documented, but not acted on.

Darryl Lewis - In a few years, if we had to replace that and we're managing our money right now, we have the wherewithal at that point in time, when it's necessary. It's not necessary today.

Kurt Allen - It is necessary to do.

Darryl Lewis - It is not. We don't have the leaks, we don't have the breakdown in the system.

Kurt Allen - We do have the leaks.

Darryl Lewis - Well, talk to Mark, who handles all of that. It's not there and if we were doing this properly instead of talking about all the payment and what we're going to spend we would be telling the shareholders why we need to do it, in fact. We're not doing it.

Kurt Allen - We're talking with Mark on a daily basis and discussing this. You may not know of all the repairs Mark does every month but they are there.

Bill Hoster (Mayor) - I'm just going to share my experience with talking with County Commissioners, and talking with the Water Conservancy and other officials, who have expressed a lot of concern about the existing system that sits right now in LDWA and the infrastructure needing to be upgraded. They have contacted frequently about that, and they do measure from where the water comes or you know comes off as a point to where we get it, where we're at. That's just one of the factors that are that are measured into that calculation. They're also looking at how old the piping is, which I think was well presented here by the engineers. A lot of those things would not withstand any kind of an earthquake, or any kind of other high-pressure impulses that they are all concerned about. And one knows things happen. Then that's when the Water Conservancy comes in at the direction of The State and takes over our water system. I just wanted to share those comments that

other elected officials and bureaucrats have shared with me about their concerns about our system and hopefully being able to get it upgraded.

Ralph Rohr - Why would bureaucrats and other elected officials even bother? Why would these other officials and bureaucrats and other communities be asking you or be concerned with our system and be in discussions with you? I don't understand the motivation there.

Bill Hoster (Mayor) - So these County Commissioners and the Water Conservancy who ultimately have to step in and take over our water if we can't manage it well ourselves or if there is a catastrophe, the Water Conservancy would be forced to take it over. So, they monitor kind of everything that's happening over here as well as the county Commissioners because we reside in their county.

Kurt Allen - Zach Renstrom basically says he doesn't want the system like he would prefer that we go ahead and make sure it's in good shape. The other thing I want to mention is that we go back to the previous Boards and the studies that have been done and what upgrades they have been suggested. Their input was kicked down the road for all the reasons offered tonight by others. But these needs and validated improvements have been well documented. These projects are not just dreamed up ideas, they are known improvements & potential failures that we have been alerted to no fewer than 4 times over a period of 15 years. The other thing is that when The State looks at these funding packages they are going to look at them carefully and are not going to fund things that they aren't confident that are needed.

Ralph Rohr - Michelle & I went down and met with Zach Renstrom we asked about the very thing you are describing about them taking over if we had a problem. He said they want nothing to do with the LDWA, or our water company out here. It's too small.

Bill Hoster (Mayor) - If we don't have a problem.

Ralph Rohr - No he said the LDWA was doing a good job. You take care of it. You're doing a good job, you take care of it. Am I right Michelle.

Michelle Peot - I will say I don't 100% trust everything that Zach says. He's a politician basically. Take what he says with a grain of salt. Overall, I think he means well.

Zach Sullivan - So I look around and I think I'm one of the youngest people here tonight. That line coming down the canyon is like 60 years old, it's cast iron. Is it cast iron or stainless steel? Steel. Steel that's going to last another five years over to kicking the problem down the road. I mean, I don't know about the line coming down the road. If you don't think that line needs to be fixed in the next five years. It's going to be my problem, not your problem.

Ralph Rohr - Is it rusting out?

Zach Sullivan - Well, I'm sure it's got to be. Yeah, falling apart, it's got to be fixed so we can get 0% interest to fix it. Why aren't we taking advantage of that? That's all I have to say.

Parker Vercimak - Just to reiterate from our presentation. All of these improvements and recommendations, I mean, I've got the 2007 Capital facilities plan from Sunrise Engineering. In there is the recommendation to drill a new well. Do you think the Board in 2011 was trying to drill a new well just because they wanted to spend \$1,000,000? At that point though, there was a need for it. They were unfortunately unsuccessful. Fast forward 10 years, there's still a need for it. I understand the frustration of do we really have to replace both lines coming down Main Street? Don's told stories of moving into Leeds years ago and that was one of his first projects was putting in the water main. The infrastructure is aging. In our world we typically plan on 30 to 40 year life spans. And the reason being is we have to have a functioning water system. We don't have the luxury of having a car with 200,000 miles and this car breaks down and we say, that's OK. I'll just go buy a new one. We can't push the water system until it fails and then say, sorry, folks we're without water because we failed to drill the well you're talking about. We are here to design and take care of all the permitting and give you water lines down through Main Street. Time wise, you're talking about a year. We can't push these lines to failure then ask Mark and whoever else can help if you have a catastrophic failure to be on call 24/7 and go fix a leak in Main Street that could have been avoided. Occasionally, we can we can put band aids on it, get through, but at the end of the day, when the infrastructure reaches the end of its life span, it has to be replaced. I feel like The Board has been prudent and addressed the needs that have been needed and obviously Riley and are still fresh and we're still learning the history. There has been some really great planning efforts. Kudos to The Board. I mean, yeah, I've got the 2007 report. I would assume it was prior to that the previous Boards were prudent and wanted to know what's going on. There's capital or capacity analysis performed, in 2017, 2021, 2014 or 15. I mean you guys are on top of it. You know what you need. It's

documented. It's not, Riley jumping in now and saying something needs to be done, or The Board saying how can we spend \$7 and a half million dollars. So, all of that, all these capacity studies go to The State with the funding application and their State Engineers, the County Engineers, folks that know what's going on here personally, including the County Commissioners. I think that's a great. Great comment there, mayor. Those folks know your system. They talked to The State folks, everybody. I mean as much wasteful spending as there is in government, I will promise you we will do everything we can through this program to eliminate and reduce wasteful spending. I do not want to be part of the wasteful spending for profit. I'll just tell you that right now, if there is a project on here that I didn't feel like you need, I would tell you straight up that you don't need it, right? And I've looked at it. We've done our homework. We concur with the previous plans and capacity analysis. We believe through what we know today, that these projects are necessary. We understand and acknowledge that arguably \$7,500,000 worth of projects is a lot of money. If there was a way to make it a little more affordable or if we can figure out how to reduce these costs, we want to work with work with The Board to do so. We will work with contractors and will do everything in our power to reduce that, but it's a crazy world we live in. Costs are crazy. The funding package that's before us is quite honestly amazing. Private water companies typically don't get the different opportunities that towns, counties, other public entities do. That's why the large majority of the public water companies are gone for that very reason, as they can no longer function as a private water company. The best packages we were seeing before this current funding opportunity for a public water company was 20 to 25% grant. And that was with 40 year-long terms with typically the about 1% less than prime. So, you have 0% interest and near 50% grant. I mean, it's just unheard of.

DISCUSSION | **System History & Softstart Pump** [Susan Savage]

Susan Savage - When the Fawson's moved here, there was nothing in Hidden Valley. There were no homes over there. There was nothing on Vista Avenue. Basically, they were one of the first homes down there. There were few homes down there. There were maybe two homes on Silver Reef. There was no Silver Reef Highlands. There was no El Dorado. There was nothing back in there. That's when those Main Street water lines were put in. And so, new things happen. We have made new demands on the system as well as the age. So, Bill Nielsen bought the Goddard property, which is out by our place. Three years ago, two or three years ago and he put in something new, he put in a pivot sprinkler system and that was a new demand on our system, the pressure that it took for that pivot. As a result, we had three, maybe four major breaks in our main line, including the valves that were in there and the seal on the glue and everything, it had been in place since in the 1980's. So then, one day, I had been out of town and I came home and the pressure was really low and Bill had had set his water going that morning, then he'd gone out on the strip to take care of his cattle. I thought, why is the pressure so low? So, I went out and where we had a steel flume crossing Grapevine wash, our pipe had exploded and blown out the whole hillside. When we got into it we found that the metal in that pipe had corroded so much that it created a weak spot. We were kind of blessed that those things all broke so now we have new components in our system. However, our crops suffered because we couldn't water them until we got all those things fixed. So, if you have a waterline break in your own homes, at your house, you can just go fix it, but if you have a problem in your community waterline, then, just like the engineer was saying, then you have this huge problem. If you wait until those new impacts on your system cause a problem and things are rusting and breaking apart, then you know concern about the loans fades away, but it's too late.

Do I have time to say a couple more things? OK, about the fact that we haven't been paying the extra on the loan because there are other needs and I don't know what all those needs are, but I know a couple of them. One of them is the fire hydrants weren't working, there was a lot of work on fire hydrants that needed to be done. Am I correct on that? And the other thing was that I just wanted to compliment The Board on investing in the Soft Start system. In our shareholder meeting, Sharon reported on our savings on power. OK, here's what happens. A hard start is when you first turn on the pump switch. The whole thing comes on at once with loud BANG, the entire force of the motor comes on demanding lots of power and then the pump settles down

to a smooth running which uses less power. However, your power rate is charged for the remaining power based on that initial demand for power. That's is a huge demand and that initial demand cost continues as long as the pump is running. What this Soft Start does is that it starts on just barely a teeny little bit of power. We could, and it starts... (Interrupted by an audience side conversation) I'm sorry, I'm easily distracted. I guess my conversation is not of interest to some. So, this what this Soft Start does is it starts off at the lowest level and then so that's what you pay for the duration of the running of the pump. You pay at that lower cost. But there are other things that it decreases wear on the pump. I have been told that it also has, is there lightning arrester separate from that? Yep. So, it's separate from that. OK, but part of what the Soft Start does is that when you have a hard start, then the pump down in the ground starts pumping all at once, and there's a tremendous amount of turbulence, and that can pull sand up into your whole system and that's a problem for the whole system. The Soft Start helps prevents that from happening. It starts out really slowly and brings the water up. Here's another thing that happens. If the power goes off, then your system shuts down, and then when the power comes back on your system starts off with the lower level power consumption again. It will start off on its own. It's always reading the pressure in the system. So, if something happens differently in the system, it adjusts for that pressure. It's tremendous to me. It was a very Important investment. I do want to congratulate the Board for having done that.

The last thing I wanted to say is that **LDWA is not under threat from the "use it, or loose it law"** And here's how I know that. I was on The Board when The State Engineer came down. That was in the 80s and he said you're one of the only private water companies left in The State and you won't be able to accumulate water for future growth because of the "use it, or lose it." You have to be using it or else you'll lose it. You're not a municipal system, so you can't accumulate water. So, The Board, at their next Board Meeting, said, I guess we're done, and I said, do you mind if I explore some things? I happened to be the liaison for the Board's attorney at the time. So, I went to the to our attorney and just said, here's what's happening. He said, let me talk to the attorney at the State level for the State Division of Drinking Water. So, they had a conversation. The DDW attorney said, actually, there are over 100 private water companies in the State delivering water and that the State didn't realize that they have no policy for to protect their water. At that point, they established a policy that gave private water companies municipal status for accumulating water for future growth as long as they would sign the agreement, which LDWA did at that time, with the with the Community of Leeds committing that they would not serve people outside of the City Limits. That LDWA's service would be confined to Leeds City. So, we are protected. We're not in any threat of losing water that we're not using. Don Fawson - Well, Susan, you sound like you got an engineering degree in soft starts. May I add one other advantage to the Soft Start is the fact that it's easier on the pump motor itself rather than just slamming that huge electrical surge to the motor and having it just having to twist those shafts so quickly.

DISCUSSION

Spring Rights [Ron Cundick]

Ron Cundick - Just to follow-up on what Susan said, we are able to get some better terms for our company because we qualify as a Quasi-Municipal Water Company under the Utah statutes, which that gives us a lot of benefits that we wouldn't otherwise get if we were considered completely private. And part of that is because the Leeds ordinances have treated LDWA as such. They don't say "the exclusive provider" but basically, "the provider". That's the reason LDWA is able to do this. I will remind The Board that this Virgin River Area is under State rejudication of water rights at present, so some water rights may be at risk, but LDWA, as a water company, can store water for future use, thereby not subjecting any unused water rights to forfeiture. I have a couple of questions that I wanted to just get clarified in my own mind. The first one, is regarding the 24 acre feet recently transferred from Wet Sandy. The only time that I understand that priority makes the difference is if there is a shortage and you are competing with other rights. OK, so the only entity that owns water rights in The Spring right now is LDWA, so, when there's no lack of water overall in a normal season, which we haven't had for long time, those are our rights. Those water rights are not competing with any other priorities. The only time the priority comes into play is if there's a shortage. It's important to remember that we need those rights in The Spring and in a normal situation, LDWA can run the full flow amount. As to the 24 acre feet I'm very pleased that this State has agreed that we can apply to either use the ground source or in The Spring.

Don Fawson - Ron, one of the things I'd like to know, sorry to interrupt. I'd like for the two of us and anyone else who wants to go to Cedar City and talk to The State DDW Engineer and visit with him just about that specific concern that you're mentioning because from what he said today, it sounds like that is not actually the case. So, anyway, I'd like to get together with you and get some clarification.

Ron Cundick - I'd like to do that. I've never seen a situation like we have here where, if you have all the water rights, for some reason somebody else would come in a non-drought situation and say we have priority.

Don Fawson - Well basically, what they've done is they say OK, there's class one, class two, class three and then this one they put into a Class 4. That's true because we are in a drought situation right now. Yeah, so if everybody everyone's rights were filled, absolutely, we could do OK.

Ron Cundick - The State has declared a statewide water emergency and unfortunately the statute on priority of water use for drinking water doesn't kick in until next year. But as of next year, I think it's in April, when the State Statute kicks in completely. Then, if The Governor declares this then, LDWA can take the full amount of those water rights, including the 24 acres regardless of their priority because those rights are culinary and you can satisfy those rights before you satisfy irrigation rights.

Don Fawson - So, the interesting thing is that, The State could be having these problems, but right now even though everybody else is suffering water shortages to some degree, our well has remained stable and The Spring is doing well. And so, you know, at least from my point of view, as we just try to treat each other based upon the fact that we're not in crisis but we do have water rights limitations.

Ron Cundick - OK. David, in his capacity with LWC water company and the LDWA spent a lot of money calculating how much water each company is entitled to in The Spring, so it isn't like it hadn't been calculated before. I don't know how much money you spent.

David Stirling - The LWC spent a lot.

Ron Cundick - You probably spent \$20,000, I don't know. We spent upwards of \$15,000 so, \$40,000 or whatever was spent to calculate this out and create our agreement signed in 2019 stating how water allocations are calculated. Here's how water is used when it's normal times. Here's how it's used in stressful times. That agreement right there to me seems like a list for the stress time. But why are you going to The Engineer now when you have agreement that you signed?

David Stirling - The State Water Engineer used that agreement to help make this spreadsheet.

Ron Cundick - So, is there any difference between the agreement and what you have learned now.

David Stirling - So, the problem is we disagree. OK, for our water right there's two things you need to look at: there's an instantaneous amount that you can take, and then there's an overall yearly amount you can calculate. Leeds Water Company has yet to put in a meter to meter the water that they're using as it is supposed to do under the agreement.

David Stirling - LDWA did not put in what they were supposed to either, they were to install a meter into a locked box with a plexiglass window so that we could look at the meter readings which they have not done. And so, neither company did what they agreed to, Ron, and we did our part because we gave you benefit. We gave LDWA a benefit because we dropped our protest.

Kurt Allen - It doesn't do us any good to rehash this here.

Ron Cundick - I'll address it later then.

Don Fawson - One thing that this chart has done is to make it very simple to find the flow each water right owner is entitled to at any given System Flow. It's actually here on the chart. It's very easy to read, it's very easy to understand it. So, it's just more useful than trying to manually calculate.

Ron Cundick - My point was it only applies, during scarcity of water.

DISCUSSION

Drought [Susan Savage]

Susan Savage - Brant Jones and I went up to see The Water Engineer to talk about the family water rights and some of the Irrigation Board members were there. I was just sitting in on their conversation and had a question about water scarcity and when the governor would declare a drought? On a separate visit, I had asked The Engineer about it and he gave me a print out saying what the law is. It said that it applies in 2023. So that question was asked in this meeting, does this not apply until next year? And he said all that it has always applied, they're just revisiting and re-clarifying it. So, what applies now as well? And I just want to clarify my

understanding. Now, David, you can help me with this from when you've met with him together with LDWA. My understanding about the water rights in The Spring are that both companies have rights to water from The Spring, but they have different diversion points. So, when you have a water right, you have various things that are delineated. Here you have diversion points and points of views and so on that. So, they both have water from The Spring, but LDWA's diversion point for taking the water is at The Spring and the irrigation Company's diversion point is up at the sand trap where they're water comes into the pipe. And there are also streams that feed into that drainage along the way. But water that they LWC holds in The Spring, they divert at the lower point. Is that what you wanted?

Don Fawson - Yes, that's exactly right. And one thing I did want to clarify because one time I said, you know, we haven't seen The Spring drop. So, we haven't seen the flow drop in the Spring Pipeline and we haven't seen a drop in Our Well level, but we have seen The Spring level drop in the old Spring access box.

DISCUSSION

Understanding the Process associated with new loan & Grant [Ralph Rohr]

Ralph Rohr - Just a quick question for the engineers. Thank you for the report. I like the report I thought it was really optimistic and looks good for us. But the question I have is, When will the loan finally be approved and when will we have that loan money available? Is there a date? What would that be?

Riley Vane - So the funding meetings are on the 31st of this month and then typically it takes a month or so. That's kind of fluid. Probably a month or six weeks. We don't actually accept the package during the meeting, not until several months from now after hearings and public input and several things like that. So, there's no date. I mean, there's no formal obligation until that whole process has occurred and is completed.

Ralph Rohr - So once it's completed, where is the money.

Riley Vane - No money is distributed until we have bids from contractors and we've awarded a bid. Then we close the loan. The money goes into an escrow account managed by DDW. It'll be a two-signature process to approve payments to the contractor and engineering. One signer from Leeds, and one from the DDW. Then they'll be sending it to DDW to reviewed internally there. Then they'll distribute the funds.

Ralph Rohr - Here's my reason for asking the questions. I am not trying to be persnickety, because I don't really understand it all. During the time that all this is taking place. Inflation is continuing to run. And the purchasing power of that money is being degraded perhaps rather rapidly. So, my question for you is have you built any kind of inflation, adjustment into the numbers that you presented to us?

Riley Vane - That's a fantastic question. And yes, we've planned on what this normal process should take and within our tools available, the best resources available, we estimated what those projected costs would be. Our best construction estimates. So again, yeah, inflation can sneak up on us and get higher than what we've anticipated, but within reason, we do have a contingency built in. That being said as well, the bond parameters we adopt needs to be very clear and it'll be explained again by the bond attorney in the future. The bond values will not be the same value as what the funding packages for. So if the funding package is for a loan of 4 million, the bond parameters will be higher than that four million for the very reason that if we finish the project and we're out of money, DDW can allocate more money, typically at the same ratio as what was previously allocated. Our bond parameters that have been adopted will still be applied. So, we may be recommended to adopt \$4,500,000 worth of bond parameters. I know bond managers will provide counsel on that, for that very reason as well.

DISCUSSION

Meeting Adjournment [Don Fawson]

Don Fawson - All good questions. Lots for all of all of us to think about as we move forward. I can say back in 1976 when we put the original 6" lines through town there was just as much, and maybe more, angst at that point as there is right now.

ACTION	BOARD MEMBER	VOTE	DATE
MOTION:	Kurt Allen	X	8/17/2022
SECOND:	Doris McNally	X	8/17/2022
VOTE:	Don Fawson	Yea	8/17/2022
	Kurt Allen	Yea	8/17/2022
	Doris McNally	Yea	8/17/2022
	David Stirling	Yea	8/17/2022
	Alan Cohn	Yea	8/17/2022
RESULTS:	PASSED		

Don Fawson – Again, thank you for coming, appreciate the opinions. You know, we don't always agree but that is to be expected and I think it is healthy.

ADJOURNMENT: [8:59 PM Don Fawson]

Layna Larsen

Layna Larsen, Corporate Secretary



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors
Wednesday, **September 21, 2022, 7:00 pm** at the **Cosmopolitan**,
located at 1915 Wells Fargo Rd, Leeds, UT 84746.

1) Call to Order

- a) Roll Call
- b) Prayer –
- c) Pledge of Allegiance –

2) Announcements

- a) Consent Agenda –
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports

- a) President's Report – [Don Fawson](#)
- b) Operations (Field) Report – [Mark Osmer](#)
- c) Finance Report – [Doris McNally](#)
- d) Administration Report – [Don Fawson](#)
- e) Future Projects - [Kurt Allen & Riley Vance](#)
- f) Open Shareholders Hearing:
Opportunity for Shareholders to make comments and ask questions. Shareholder must step to mic & state name.
- g) Close Shareholders Hearing:
- h) Board Discussion and possible action on loan

4) Roll Call Vote to close meeting



Leeds Domestic Water Users Association (LDWA)
1901 Silver Reef Drive | PO Box 460627 | Leeds, UT 84746
Phone: (435) 879-0278 | E-Mail: LDWAcorp@infowest.com | Web: ldwacorp.org



Minutes

Date/Time/Location:	September 21, 2022 07:00PM Meeting: Cosmopolitan
Type of Meeting:	Board of Directors Meeting
Note Taker:	Layna Larsen
Attendees:	<p>Members/Staff: Don Fawson (P), Kurt Allen (VP), Doris McNally (IT), Allen Cohn (M) Mark Osmer (Field Mgr), Layna Larsen (Corp. Sec)</p> <p>Shareholders: Phil Ayers, Ron Cundick, Susan Savage, Glenn Stanley, Rex Heaton, Manuel & Joy Goy, Allan & Susan Roberts, Michelle Peot, Robert McNally, Daryl Lewis, Joe & Shelley Lettriello, Angela Rohr, Steve & Tina Dyroff, Wess & Kathy Powell, Elizabeth Abbatt, Steve Laski, Bill & Rhonda McLaughlin, Rich & Lisa Gagnon, Julie Bruley, Danny Swenson, JW McKain, Terry Allen, Chris & Sidney Bevan, Jeffrey Horsley, LoAnn & Dale Barnes, Loraine Harris, Joe Baughman, Elliot Sheltman, Linda & Robert Storoshka, Jennifer Lefler, Anita Deblinger, Aaron Bateman, Chris Harvey, Michael Budion, Jim & Rochelle Gardner, Cynthia Wright, Jim Vasquez, Devan Crabb, Tara Bilyj, Tom Stirling, Terry Bailey</p> <p>Special Guest: J&D Engineers - Riley Vane</p>

Agenda Topics

I. **CALL TO ORDER** [Don Fawson - @ 7:00 PM]

CALL TO ORDER	We would like to welcome everyone out tonight. We will start off with a roll call.
ROLL CALL	Present: Alan Cohn, David Stirling, Don Fawson, Kurt Allen, Doris McNally

II. **PRAYER** [Tom Stirling]

III. **PLEDGE** [JW McKain]

IV. **CONSENT AGENDA, PRIOR MEETING'S MINUTES & POLICY APPROVAL/VOTES** [Don Fawson]

DISCUSSION	Consent agenda consist of the acknowledgment the meeting notice was posted. It is also a vote to accept this month's agenda and the previous months minutes.
VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE TONIGHT'S AGENDA: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Unanimously

DISCUSSION | **Statement** [Don Fawson]

Thank you so much. Everyone should have gotten a letter in the mail and in that letter, it should have given you notice of this meeting tonight.

We have a lot of information to share with you tonight and we don't want you to go into overload. I have specifically written down the things I want to share so it can be concise. Some of you may have noticed that there have been some notices posted around town specifically down by the Post Office and on those some people have expressive some strong feelings against proposed upgrades. Just out of curiosity, how many of you have looked at those down there? Me too. We actually want to thank those anonymous individuals for creating interest, however some of what was presented contained inaccuracies. While we don't agree with much of their content either in fact or opinion, we do respect each shareholder's right to share those opinions.

As you are aware, for the past few months the board has been working on some additional improvement projects as has been discussed during past word meetings, and I encourage you to log on to the LDWA website at ldwacorp.org to review the board discussions. In addition, information about these projects was also printed on the reverse side of our August water bill along with the invitation to join our monthly board meetings and be part of the discussions. Finally, we send each of you a letter giving you an overview of each of the projects that we and our engineering company Jones & DeMille have identified as most critical to upgrading our system for now and into the future.

Our purpose here tonight is to clarify the need, the cost, the funding, and the proposed rate adjustments related to these projects. Before we open the meeting to Shareholder Questions and Answers, the Board will present some information that we hope will answer some of the questions you may have and hopefully clarify any misunderstandings. Our goal is not to necessarily agree, but to understand.

V. OFFICERS REPORTS [All Board Members]

a) PRESIDENT'S REPORT [Don Fawson]

DISCUSSION | **Information About Board**

Don Fawson - I would like to share some information about your LDWA Board, because there were some comments about The Board not representing you as shareholders because all current Board Members were not elected by the shareholders at the last LDWA annual shareholder's meeting.

If done well, service on The LDWA board requires significant time and dedication. The LDWA Board, as currently constituted, has two members that were voted into office at one of our annual meetings, namely, Don Fawson and Kurt Allen. Three other previously elected Board members, namely Phillip Peine, Sharon Johnson, and Aaron Bateman, have since tendered their resignations.

Each of those Board members who resigned did so due to their felt inability to devote the amount of time and attention necessary to adequately complete Board duties. I applaud their integrity. You can verify their reasons either by talking with them personally or by reading their full letters of resignation in past Board minutes on our website: ldwacorp.org.

These resignations highlight the importance of electing Board members who have, and are willing, to devote the time and energy necessary to learn about water, water rights, infrastructure, IT, billing, record keeping, etc. necessary to maintaining and improving our amazing water system.

It also highlights the difficulty of both the candidate and the shareholders to understand the commitment, and the skills necessary to best serve LDWA.

Wanting to respect shareholder's wishes, The Board first approached the three previously unsuccessful candidates to see if they would serve on the Board. All three of these candidates were nominated, seconded and confirmed their willingness to be placed on the ballot at the last Annual Shareholder's

meeting. All three candidates received votes of support from shareholders. Doris McNally agreed to once again serve on The Board after initially expressed reluctance. Both Larry Bruley and Syd Holt declined.

Doris McNally, David Stirling, and Alan Cohn were subsequently appointed to serve as Board Members by the then sitting Boards, as per LDWA By-laws. Each one was selected after a thoughtful search and interview based on skills or experience and commitment that would allow them to contribute to the functioning of LDWA.

Doris McNally was asked to come back onto the Board because of her vast knowledge of our Company, its Computer Systems, including meter reading and bill processing. She also had extensive understanding of our filing system and information retrieval. In addition, she had proven herself willing to devote a vast amount of time to assure LDWA functions professionally. This dedication has paid vast dividends as we have worked with DDW/DEQ, Rural Water, etc. We would have been lost without her.

It was posted that Doris was “voted off the Board” at the last election. Someone obviously has a personal issue with Doris, however, no one was “voted off the Board.” Three other candidates, Aaron Bateman, Kurt Allen, and Phillip Peine received more votes than the other three candidates and were selected to join The Board. Again, no one was voted off The Board.

Beyond that, anyone who has ill feelings and lacks confidence in Doris or her value to LDWA knows little about Doris, her work ethic, her knowledge, her skills or from my point of view, what it takes to keep LDWA running. In spite of the negativity, lucky for LDWA, she was strong enough to offer her services to LDWA even before being appointed back on the Board. We desperately needed her help. All this, in spite of not being voted back on the Board and in spite of some vindictive comments hurled at her. Thank you, Doris.

In addition, Doris has worked tirelessly with Layna Larsen, our Corporate Secretary to bring her up to speed. Thank you, Layna, for doing an outstanding job.

Doris has also partnered with Jennifer Lefler, our treasurer, to improve our financial reporting system. Big thanks to Doris, Layna, and Jennifer.

David Stirling was selected by The Board because of his understanding of water and water systems and because he is not only an LDWA shareholder but also affiliated with the Leeds Irrigation Company, or LWC. LWC is not a “competitor” as it has been called by one individual. LWC serves a completely different market, irrigation as opposed to culinary. However, we do share a common source of water, so we are Shared Users of a Common Water Source in which each has measured rights as delineated by the State of Utah. It is advantageous to us all to work amicably together to find common solutions to our common challenges.

Respecting and understanding each other’s water rights and working together in an atmosphere of cooperation, good will, and respect is always better than the alternative and ultimately less expensive by avoiding unnecessary attorney fees. David has been an asset to LDWA in helping us to bridge gaps of misunderstanding between LDWA and LWC as he has initiated shared Board discussions and meetings with both companies and the Department of Drinking Water, DDW, water rights engineer, Nathan Moses, in Cedar City.

Alan Cohn was asked to join the LDWA Board because of his knowledge of computer programs and his consistency in attending LDWA Monthly Board Meetings. We needed someone to update our GIS system and he said he could accomplish that.

I want to thank each of our current Board Members for their commitment to their position, especially Doris and Kurt for their inordinate devotion and time to assuring the success of LDWA.

DISCUSSION**Water Rights, Water Infrastructure, and Water Delivery are complicated issues**

Don Fawson – As members of your Board we are continually learning and sharing new information with each other. One of the complicating challenges, as Boards change, is creating continuity of history and understanding of the needs of our shareholders, our system and water regulations on a global and day to day level. We are doing our best to create succession of knowledge, task, history, and structure within the leadership, and support staff.

Thank goodness for Mark Osmer, our Water Operator. He is not only a wonderful human being, whom I personally consider my friend, but an amazing technician, mechanic, machine operator and field historian. He knows our system, what it takes to keep it going, how to do it and actually does what's necessary to keep it healthy and functioning. He and I communicate on a very regular basis to align both Board and Field Operation goals so Mark has the support he needs to keep our system healthy and functioning at its best. A "Big Shout-out" to Mark.

DISCUSSION**The Highland's Well**

Don Fawson - We currently have two water sources, an amazingly clear Spring up Oak Grove Canyon and a well East of the pink Silver Reef water tanks known as the Highlands Well. This well is amazingly consistent in production, however, several years ago it collapsed leaving us without that water source for a few months. Even though it was a big gamble, and rarely done successfully, the drillers were able to extract the pump and motor, and re-drill and complete the well casing. It was a real nail biter because of the expense and risk of failure. The Highlands well, based on water quality, consistent production and refill time is one of the best wells in the County. We are very blessed to have it.

It is an amazing well both in quality of water, hardness level, amount of water and refill. However, as with all wells, they get old and with age become more vulnerable to cave ins. While the well is now cased and less susceptible to such a catastrophe, that possibility still exists. The more likely failure would be due to pump or pump motor failure. The longer a pump and motor are in service, the greater the chance of failure. In the case of pump or motor failure the well would be inoperative until a replacement pump and or motor and other parts could be acquired, and a drilling company could be contracted and moved onsite to remove the well piping and defective pump/motor and reinstall a replacement. Based on supply chain issues and drilling demand this could be a considerable amount of time, possibly months.

At present our only water supply option, should a pump failure occur, would be to access the entire Spring Flow which depends on the good will and cooperation of LWC. Even then, the water supply might be inadequate.

Recently, after a thunderstorm, we had the Highlands pump stop working. During that time our storage tank levels were dropping. By diverting the entire Spring water into our water system, via our Spring waterline, we were able to slow the water level drop in our tanks.

Mark was able to diagnose a power supply problem and get in touch with Rocky Mountain Power, who replaced one of their line fuses and restored our ability to pump water. All this took time. Later, we temporarily increased the Spring flow back to LWC for a limited period of time to make up for water we used. It is important that we keep a positive symbiotic working relationship with LWC.

Since our demand for water has increased as a result of more homes and drought, The Spring may not be able to supply enough water without drastic conservation measures during a prolonged emergency.

We need a second well in case of pump, motor or well failure. By having this redundancy, we can simply switch pumping to our second well, or if demand requires, we can pump both wells.

An additional concern is related to a Power Grid failure. No power, no pumping. So, another of our goals is to install a 3-phase propane backup generator capable of supplying power to our pumps during such an electrical outage.

Finally, in our August 17, 2020, Culinary Water Capacity Study completed by Pro Value Engineering; Article IV; Water System Recommendations: B; Water Source

“LDWA is deficient in source when using the State of Utah Drinking Water guidelines. It is recommended that a new well location and well in the amount of 450 to 500 gallons per minute, (gpm), be secured, drilled, and developed.” Our current well and pump system can only supply 315 gpm.

DISCUSSION | **LDWA / LWC Cooperation**

Don Fawson - During the Highlands well collapse and refurbishment, the Leeds Irrigation Company, LWC allowed us to take the full stream of water from the Spring, our portion as well as theirs. This, along with LDWA shareholder cooperation and conservation, allowed us to get through that emergency. It was a great sacrifice by both LWC and LDWA shareholders, one, those who lived in Leeds at the time, remember with great appreciation for such a significant cooperative effort.

Another emergency situation happened in August of 2018 when the well quit pumping. Elliott Sheltman, Ron Cundick, Danielle Stirling, and Darryl Lewis will remember this. Mark was not around at this point.

LWC was contacted and graciously consented, once again, to let LDWA use the full stream from the Spring to meet culinary demands. It was later determined the outage was a power supply problem. It was repaired, the well was back on, and LDWA returned water to LWC. That is the way things should work and did work that day.

DISCUSSION | **Spring Water Rights**

Don Fawson - Our water rights in the Spring are complicated but understandable. Some shareholders are under the misconception that all the water produced by the Spring belongs to LDWA. This is actually not true. While LDWA’s single point of diversion for water from the Oak Grove Canyon is solely from the Spring, it is not unlimited. The amount of water we are allowed to take from the Spring is a function of our Class 1, Class 2 and 2020 Wet Sandy water rights, and the “Total System Flow.” The Total System Flow is defined to be the aggregate of all water flowing from all sources up Oak Grove Canyon, including the Spring.

Leeds Irrigation Company, (LWC) has rights to water from both Leeds Creek and the Spring, again depending on their Class 1 and 2 water rights and total System Flow. Their right to The Spring water is second to LDWA, but both LWC and LDWA are limited by their water rights as a function of Total System Flow. Since both Creek flow and Spring Flow can vary independently, both LDWA and LWC’s share of the Spring flow will vary. Because of this relationship, LDWA has no fixed percentage right of the water in the Spring.

In a recent meeting with Nathan Moses, the Southern Utah Region State Water Rights Engineer with the Division of Drinking Water or DDW stationed in Cedar City, along with representatives of both LDWA and LWC, Nathan clearly explained this relationship. He also provided a DDW chart showing the water rights belonging to each individual company along with other water right owners within “The System.” The chart designates the flow rates available to each entity at any given Total System Flow. From the DDW chart the gallons per minute or gpm we are allowed to access from the Spring is clearly delineated and varies depending on the total System Flow.

While LDWA owns the Spring Head Structure and the Pipeline down The Canyon, we do not have a right to all the water the Spring produces, or our pipe can carry. In addition, we do not own the land the Spring sits on. It is owned by the National Forest Service. Mark can attest that Nick Glidden, the Chief Forest Ranger in our area, has been very cooperative and supportive to work with. Our Spring rights and access are secure.

LDWA’s 4” Spring pipeline, originally installed in January 1954/1956, (66- 68 years ago) has been consistently carrying approximately 220 gpm down the Canyon all summer long until recently. The consistency of the flow was a result of the pipeline not being able to carry the full flow of water the

Spring was producing thus, as the Spring slowly dropped, its water level still covered the entire outflow pipe maintaining the 220 gpm. So, the Spring slowly dropped its production, but the amount delivered to our pipeline remained constant until recently.

We have a couple of ways of separating the Spring Water for LDWA and LWC. We can divide the water at the Spring Source using a device called a weir. The weir when adjusted properly, will allow LDWA's share of water to run down our pipeline while dumping LWC water into the Creek, or we can simply let water flow down the canyon in our pipeline and divide it at the Silver Reef location sending LWC's share into their diversion. Of course, the total amount of water our pipeline can deliver is limited by its size.

We have a meter on our pipeline at the Spring so we can tell how much water is flowing down our pipeline. The United States Geologic Survey or USGS has a measuring device in the Creek upstream from the LWC diversion. It is calibrated to measure cubic feet per second which we convert into gallons per minute. (cfs x 448.83 = gpm) This device is monitored via telemetry every 15 minutes with averaged updates posted online every hour, physically recalibrated every 6 - 7 weeks, with an accuracy of +/- 3-5%. (Nick Whittier) We can add this timely flow measurement to our metered Spring Pipe Flow to determine the Total System Flow and then, based on the Division of Drinking Water chart, determine our Spring Flow allowance at any given time. The difference between what the pipe is delivering and what we are entitled to use determines the amount of water we divert back to LWC. The USGS site also includes water records and charts dating back some 57 years.

To restate, we do not have unlimited rights to the Spring Water, not even a consistent percentage since the percentage can vary depending on the Total System Flow as well as what the Spring is actually producing. Our allocation is limited regardless of what LWC does or does not do. We have been monitoring these flows every couple of weeks and adjusting what we keep and what we return back to LWC.

While we pump water from the Highlands well to make up for the difference in the water, we receive from our Spring water allocation and total shareholder demand, we are only pumping water to meet LDWA shareholder demand beyond what we are allocated from the Spring. We would have to do this whether or not we divert LWC water up The Canyon or at our tank location. Pumping is necessary since our summer Spring flow allocation does not meet our total shareholder water demand. Bottom line, we are not pumping any water from our well and giving it to LWC. None of LDWA's water is going to LWC.

DISCUSSION	Engineering Firm
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Don Fawson - In the end, it was determined that we needed to hire an engineering firm to confirm, not only the need, but the feasibility and funding opportunities to move forward with these projects. We interviewed three different engineering companies and found Jones and DeMille to be highly recommended and very experienced in working with small rural water companies. Just last Friday during a conference call with Janell Braithwaite, Management Tech Utah Rural Water Association she gave her unsolicited congratulations to LDWA for their selection of Jones & DeMille. She said Rural Water has had great success working with them on other rural water projects. When asked about the Loan Package being offered to LDWA in terms of loan forgiveness, 0% interest on loan and loan duration, she said it is "unprecedented." Unprecedented meaning: never done or known before.

As it turns out while Covid has been a disaster, it has also opened funding opportunities.

DISCUSSION	Eldorado Well
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Don Fawson - Some concern has been expressed about the loss of the El Dorado Well and tank. This is a well at the upper end of the El Dorado Subdivision originally built by the developers of this land and maintained for use by their association. At the time this area was outside the Town of Leeds and not served by LDWA. Eventually they were having trouble meeting the water needs of their residents and applied for annexation to Leeds in order to transfer their water rights and join LDWA.

The El Dorado well is limited in its production as well as being plumbed incorrectly into the tank which is not elevated enough to allow it to currently be used in the system. In order for a storage device to remain healthy it must have passthrough water.

Mark has said that he was instructed to pump water from this inactive well into the LDWA system 24/7 for one summer. It seemed consistent that summer. I had one shareholder tell me they could tell a difference in water taste during that time.

Mark also said the well pumps clear water for a couple of minutes, then begins pumping sand, and eventually runs clear. He said it was capable of pumping 40-45 gpm at 60 psi residual. This pressure would be insufficient for those at the upper end of the subdivision.

The El Dorado tank is plumbed incorrectly making it unusable, which is a shame. Because of poor design and elevation of the tank it is effectively unusable. Because the well initially pumps sand after being turned off and restarted, it creates the need for the pump to have to direct feed into our system constantly without shutting down. Basically, the well and tank are not viable.

A well driller who looked at the El Dorado well said that he has heard of wells undermining themselves when they pump sand promoting potential collapse.

DISCUSSION	Chlorination
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Don Fawson - One of the issues was also Chlorination. We had heard rumor that a chlorination system had been designed by Pro Value Engineering, but we could not locate the plans. I visited their office and obtained the plans. I called Paul Wright, The Utah State Regional Water Engineer for the DDW to verify if the plan had been approved. Paul said he had sent Pro Value [our Engineers at the time] a list of questions that needed to be answered and plans modified accordingly to meet State Standards. He also indicated that our current chlorination process does not meet State Standards. The project to design and install an approved chlorination system is now part of our projects list with the DDW and loan approval. Jones & Demille will do the engineering.

DISCUSSION	Water Storage
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Don Fawson - I had mentioned in the letter that an 8" Spring line would increase our water storage capacity. That assumption was challenged since the pipe is flow active and not static, it does not remain full. Whoever made that statement is right and I stand corrected. I was wrong on that. If the pipe was able to hold water in a static fashion it could be considered as storage, but it does not so it is not.

However, in our Updated August 17, 2021; Culinary Water Capacity Analysis, completed by Pro Value Engineering, Section IV, Water System Recommendations: Subsection C, Water Storage: it states:

"LDWA is sufficient in storage at the present time when all allocated and potentially allocated parcels of land have need for water."

The study recommends that LDWA look for future storage tank sites and that they be constructed of concrete.

DISCUSSION	Water Rights being Held as Collateral
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Don Fawson - An issue was brought up that when LDWA took out the initial loan that the Division of Water Rights required our water rights as collateral. That is accurate. There is not a lot they can use as collateral. They took our water rights and have held them as collateral for the duration of the loan. So, I called our attorney, Nathan Bracken, who is with Smith Hartvigsen, and I asked:

What does it mean to have our Water Rights being held by the DDW as collateral for the loan?

He Answered: It is very common practice. It has never been a problem in his or anyone in his office's experience. It does require DDW signature on any change of diversion application if the Loan Agency is other than the DDW but is more of a formality. Quick and easy.

It does lock your rights so you can't sell your water rights until the loan is complete. How many of you vote to sell your Water Rights? I don't think any of us want to do that anyway. To me it gives us some balance of safety that some rouge Board can just sell our water rights.

I found this to be interesting. Seems to me this is actually a protection to the shareholders. A plus rather than a negative.

Just one additional fact, I don't know if you've seen it. It's a statistic that's been out there. Utah has the highest per person water usage of any State in the nation and some of the lowest rainfall figures. So, it's kind of an interesting dichotomy. Obviously, we need to do a better job of water conservation.

One thought that always comes back to me is there is always adversity in progress and most of us resist change. Some people thrive on adversity, I think, but most don't. Also, I was talking to my brother just a few nights ago, he lives in California. I actually grew up there. He said Gavin Newsom, their Governor, recently proposed a moratorium on any new Water Wells in California and a tax on all pumped water because of the water situation they are in. Certainly something we want to avoid.

Putting additional meters in strategic locations in our system will help us to keep better track of our water usage in various areas in Town and also help us identify leaks that we may have, as opposed to depending upon Rocky Mountain power and our over usage of pumping to make that decision for us. That's my report.

b) FIELD OPERATION'S REPORT [Don Fawson/Kurt Allen/Mark Osmer]

Discussion	Operations/Field Accomplished past Month [Mark Osmer]
	<p>Mark Osmer - We passed out BacT [bacteria] test again this month. We also went up to The Spring to do some cleaning. We cleaned all the weeds within The Spring Containment and I want to say Thank You to the Leeds 1st Ward Young Men and Women who went up there and picked all the weeds by hand. I put them in the trailer and dumped them. We cleaned up all the brush up there including the previous trees we pulled out and I took it all down to the Forest Service gravel pit. They were good enough to allow us to dump there.</p>
	<p>I put a Camera down The Spring just to check and make sure there was no roots or anything growing in the The Spring or Spring pipeline and that was all clean. I also put the camera down the old El Dorado Well to check that as well as all system Pressure Regulating Valves, PRV's. I painted the Well house floor and cleaned up in there. I also picked up the pumps and motors from the testing facility. In addition I did the general run of the system. That's about it.</p>
	<p>Alan Cohn - What did you find when you put the camera down The El Dorado?</p>
	<p>Mark Osmer - I gave all the information to the board. I don't have the notes with me. The casing was like, I think 180 feet and then it went to rock, just opened up. There was no casing down there.</p>
	<p>Kurt Allen - What did the water look like.</p>
	<p>Mark Osmer - Yeah, it wasn't bad, it was pretty good. I think it was 340 feet to the bottom of the Well.</p>
	<p>Kurt Allen - Thank you, Mark.</p>
	<p>Don Fawson - So, we were able to get this group of youth to come up and volunteer their time. It was fun to actually go up there with them. They were just kinda crazy kids you know. Because we have matting over the top of The Spring, and then we have gravel on top of that, it was pretty easy to pull the weeds out so they hand pulled all the weeds out of the entire enclosed area and strangely enough seemed to have fun doing it. So, we cheered them on. Big thanks to them and their leaders.</p>

c) FINANCE REPORT [Doris McNally]

DISCUSSION FINANCIALS

BILLING


Billing, for August, was completed & mailed on September 1st.

On the reverse side of the bill the New Drips Article about the proposed Water System improvements.

PAYCLIX

In Aug we had 69 shareholders pay their bills using this payment option. The total amount collected through PayClix was \$7,675.25. With 40% paid via credit cards & 60% via echecks.

	Credit Cards		Electronic Checks		PayClix®	
	Count	Credit Cards	Count	eCHECK	Count	TOTAL
Jan-22	33	\$2,149.28	13	\$641.94	46	\$2,791.22
Feb-22	30	\$1,574.26	19	\$1,047.57	49	\$2,621.83
Mar-22	33	\$1,961.13	20	\$846.85	53	\$2,807.98
Apr-22	34	\$1,547.00	16	\$1,068.23	50	\$2,615.23
May-22	33	\$1,510.34	21	\$1,434.03	54	\$2,944.37
Jun-22	41	\$2,653.92	19	\$1,303.09	60	\$3,957.01
Jul-22	46	\$3,561.35	22	\$1,828.03	68	\$5,389.38
Aug-22	45	\$3,081.90	24	\$4,593.35	69	\$7,675.25
	295	\$18,039.18	154	\$12,763.09	449	\$30,802.27



Need to contact the LDWA, it's simple.
Phone (435) 879-0278
 Please leave a message, your call will be returned promptly.

- To report an **EMERGENCY** water leak or a loss of water, **PRESS 1**
- For a **BILLING INQUIRY**, **PRESS 2**
- For a **GENERAL INQUIRY**, **PRESS 3**

Your message is immediately routed, and a LDWA representative will be in contact.

Email: LDWAcorp@infowest.com

Water System Improvements

We, your LDWA Board, are in the process of working with Jones & DeMille Engineering to assess our current and future water system needs, apply to the Division of Drinking Water for grants and loans to improve our amazing water system and bring it up to current standards, replace aging infrastructure, and look at adjusting our water rate schedule to accomplish these forward-looking improvements.

There has been ongoing discussion with our Engineers along with attending shareholders at each of our Monthly Board Meetings. You may access past Board Meeting Minutes by going to our Website at: <http://ldwacorp.org/meeting-calendar-minutes-2022/>

Our monthly Board Meetings are held the third Wednesday of each month at the Leeds Town Hall.

Please come and be part of this critical discussion.

FINANCE

August Total Net Ordinary Income was **\$33,510.14**

There are 4 Mayor categories for Expenses:

- 1) Ordinary Admin Operating Expenses: \$1,447.05.
This category YTD represents 9.3% of our expenses.
- 2) Ordinary Professional Operating Expenses: \$980.00.
This category YTD represents 6.8% of our expenses.
- 3) Ordinary Field Operating Expenses: \$12,123.94.
This category YTD represents 42.3% of our expenses.
- 4) Ordinary Operating Payroll & Taxes: \$8,309.14.
This category YTD represents 41.6% of our expenses.

The LDWA's Banking Accounts Stand at: (08/10/2022)

CHECKING ACCOUNT:	\$20,657.26
EMERGENCY REPAIR & MAJOR PROJECT RESERVE	\$284,928.97
DDW LOAN #3F138 FUND	\$36,502.47
IMPACT FEE ACCT	\$41,034.14
SAVINGS ACCOUNT:	\$362,465.58

Jen Lefler, Thank you for your assistance on the Bookkeeping. We really do appreciate the work you do for our association.

DISCUSSION Insurance Claim :: Hydrant Replacement [Doris McNally]

Doris McNally –As I mentioned in the last meeting, we had an accident that occurred downtown where somebody ran into one of the fire hydrants and demolished it. So that is a claim that we had to make

because the LDWA owns and manages all Hydrants in our community. We placed the claim on the accident. It happened on 8/10, we placed the claim on 8/12. The claim submission was for \$10,960.56. It has been given to a new Rep because there were some insurance changes between hands, and different people, and I put pressure on them to get money back to us explaining that we are a small Rural Water Company and that is a lot of money. So, I'm hoping to have an answer by our next meeting.

d) Administration Report [Kurt Allen]

DISCUSSION Funding for Infrastructure Upgrades [Kurt Allen – Riley Vane]

Kurt Allen - OK. I want to thank Don for the masterful way he overviewed the past activities of LDWA, the projects, the things that have taken place, that was very informational, and I want to Thank him for doing that.

Now, folks, we've got on the table, and this is why you're here tonight to talk about these projects were proposing, and the funding package that has been approved by the Division of Drinking Water [DDW], and the possible rate structures that will be implemented. So, all of those are very important subjects and we want to talk very openly with you and discuss them. Our goal is to go out of here tonight with plan in place. So, we would appreciate your input on this. We tried really hard to get the information out to all of the shareholders throughout the community so that everybody was aware of what was going on here tonight and I personally want to thank those that put the notes up on the bulletin boards. Those were very helpful. We always miss a few people and I think that those notes on the bulletin board were helpful in getting the word out. Thank you for doing that and thank you for your efforts in taking the time to write them.

So, at this point we would like to turn some time over to Riley Vane with Jones & DeMille Engineering.

Don Fawson - So, someone had a concern that this is all done deal. It's all signed, sealed, and delivered. And Riley, could you comment on that?

Riley Vane - Yes thank you Don, I will talk about that. So, with the projects, just the nature of the funding application itself. You take a guess of what those projects are going to look like. Going off of your experience, what information you have to compile, an estimate of what that project is going to cost, and we've got to factor in inflation, we've got to factor in all these unknowns. So, that's what we submitted. We submitted an estimate of what these projects are going to cost and then with that went to the board. On August 31st is when we had a meeting with the Division of Drinking Water Board [DDW] and they accepted the application. Now what that means by accepting the application they've committed to have the funds there. Nothing has been signed. Don has anything been signed?

Don Fawson – No

Riley Vane - There is no committal at this point from LDWA that says that we want to use all these funds or any of the funds. That comes after design. After all these numbers that we've estimated and use our judgment, they get tightened up. We go and we design the whole project, all the projects. they see what our fee is, they see the construction costs, before any of this gets signed. They have a deadline of when they want to see that. It's a year from the board meeting. We're going to have all of this information ready well before that. But at this point no committal funds, the only thing that is ensured is that the Division of Drinking Water will have the full project cost that we've submitted. Does that clarify?

Funding Package

- Utah Division of Drinking Water, State Revolving Fund (SRF)
 - **LDWA board was presented the project scopes and costs in July & August board meetings.**
 - A loan of \$7,519,500 with \$3,499,500 in principal forgiveness (i.e. GRANT) for a repayable loan amount of \$4,020,000 at 0% for 40 years.
 - **DDW reviewed and formally approved the application on 8/31/2022.**
 - An additional **\$273,000** has since been petitioned to be included in the loan repayable amount to pay off the remaining balance of the 2012 loan. DDW staff will recommend the inclusion at the November 2022 DDW board meeting.
 - Interest accrual will be at the new **0.0% rate**, rather than the previous **3.6% rate**, saving LDWA over **\$33,000**.

Riley Vane - This is an addition to the slideshow prepared last month for the meeting updates that we've been able to make. It's the same information that we present here two months ago, and what we've briefly touched on three months ago. So, let's go on with the updates. This is a reiteration of what I just said. The LDWA board was presented with these projects in the meetings that I just talked about over the past couple months, July and August. With that the loan of \$7,519,500 with \$3,499,500 in principal forgiveness Grant was approved during the August 31st board meeting. The payable loan amount of \$4,020,000 is 0% interest for 40 years is that assessment. Since then, we've had conversations with Michael Grange, the funding director for the Division of Drinking Water, [DDW] and his staff about incorporating that \$273,000 of the outstanding 2012 loan into this funding package and they approved it. I should say his staff endorsed it with him. It still needs to go before the drinking water board. Their next meeting is in November. We have no reason to expect that they don't do anything their staff already endorses. Their staff has looked at that, they want to roll that in too for obvious benefits. Which is a great savings for LDWA over \$33,000 in savings just by rolling that into 0% loan.

Doris McNally – Riley, I think it is actually more. Jen what is the number?

Jennifer Lefler – The actual number of savings is \$45,121.00

Doris McNally – Riley when I called our Financial Company, Mountain America Credit Union (MACU), and spoke with our account executive for our bank account and I told him what they had proposed to us, a loan for 40 years at 0%. The loan manager came back to me and said we want you guys to negotiate our next loan. And he said he has not heard of that happening for a utility in the last ten years he has been working for MACU. So, I think sometimes we're so used to talking about this, it's very impactful to understand what's being offered to us right now.

Riley Vane - That's exactly correct. In speaking with different project managers who helped out similar rural systems with these types of projects, the consensus is 'this is unprecedented' with COVID funds that are available and in the timing that LDWA executed this, it's actually quite advantages. Just a rundown of the cost. This is the same slide that I produced last month. You can see how the distribution of costs are. With the revision of total cost includes that \$273,000.

Project Elements

- Initial Project Cost - \$7,524,500
 - New Well – Est. Cost - \$1,316,000
 - Spring Transmission Line Replacement – Est. Cost - \$2,794,000
 - Altitude Control Valve– Est. Cost - \$62,500
 - Distribution Line Replacement (East Side Only) – Est. Cost - \$1,210,000
 - Distribution Line Replacement (West Side Only) – Est. Cost - \$1,195,000
 - Engineering, Legal, and Professional Services - \$946,000
- Revised Total Cost - \$7,797,500
 - Includes Outstanding Loan Principal - \$273,000

Riley Vane - I wanted to talk a little bit further about this because I do think it's quite important. Don mentioned all the studies that have been done previously by multiple boards and multiple engineering companies. I want to go ahead and talk about some of this.

Project Planning: New Well

- Per ProValue Engineering, Inc., “It is recommended that a new well location and well in the amount of 450 to 500 gallons per minute be secured, drilled, and developed”.
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2021, page 12, IV Water System Recommendations, B. Water Source*
- *Leeds Domestic Water Users Association “LDWA” Water Impact Fee Facility Plan & Analysis 2017, page 13, V. Water System Recommendations, B. Water Source*
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2015, page 11, IV. Water System Recommendations, B. Water Source*
- Per Sunrise Engineering, “The projected source capacity yields a deficit of 691-gpm at the end of the planning period (2027)”.
- *Leeds Domestic Water Users Association Culinary Water Master Plan 2007, page 10, D. Recommended Water Source Capacity Improvements*

Riley Vane - The Pro Value Engineering has done several studies, impact fee analysis, and capacity studies over the past seven years. Just to quote that, I want to show it was recommended the new well location and well in the amount of 450 to 500 gallons per minute be secured drilling development. This is reported into the 2021 report, the 2017 report and the 2015 report. Also in 2007, Sunrise Engineering did a study of comprehensive water master plan and found the same thing. The projected source capacity yields a deficit of 691 gallons per minute at the end of the planning period, which is 2027. We've seen from the numbers that we ran they were right there. I think we would expect a deficit of somewhere around 500 gallons per minute. Like I said, that was done in 2007.

Project Planning: Aging Main

- Per ProValue Engineering, Inc., “Replace any 6” bottleneck water lines or dead-end water lines throughout the downtown area with 8” water lines”. “Replace the old existing PRV stations”.
-
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2021, page 12, IV Water System Recommendations, D. Water Distribution, 1. Improvements Needed, bullet ‘1’*
- *Leeds Domestic Water Users Association “LDWA” Water Impact Fee Facility Plan & Analysis 2017, page 13, V. Water System Recommendations, D. Water Distribution, 1. Improvements Needed, bullet ‘1’*
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2015, page 11, IV Water System Recommendations, D. Water Distribution, 1. Improvements Needed, bullet ‘1’*
-
- Per Sunrise Engineering, “Replace waterline on Main Street from Silver Reef Road to the end of the line on the south with 10” waterline”.”.
-
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2007, page 17, C. Recommended Distribution System Improvements, bullet ‘4’*

Riley Vane - Aging Main, I wanted to address this.

Pro value engineering in those same reports in 2021, 2017, 2015 indicated that any 6-inch volume water lines or dead head water lines throughout the downtown area be replaced with 8 inch water lines and replaced the old PRV stations. This is one of the projects that we've talked about replacing that 6-inch Class C, It's antiquated pipe. It's not built to withstand high pressures that we're expected to deliver. That's why you're seeing breakages on occasion. It's a miracle it's held up so far with the age of it. Sunrise Engineering likewise said in 2007 to replace the Main Street from Silver Reef Rd. to the end of the line on the South with a 10-inch Water Line.

Project Planning: Fire Suppression

- Per ProValue Engineering, Inc., “LDWA needs pipeline replacements to replace pipelines that are regularly being repaired or that lack the capacity to create the recommended fire flows”.
-
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2021, page 12, IV Water System Recommendations, D. Water Distribution, 1. Improvements Needed*
- *Leeds Domestic Water Users Association “LDWA” Water Impact Fee Facility Plan & Analysis 2017, page 13, V. Water System Recommendations, D. Water Distribution, 1. Improvements Needed*
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2015, page 11, IV Water System Recommendations, D. Water Distribution, 1. Improvements Needed*
-
- Per Sunrise Engineering, “Replace 6” and 8” waterline on Main Street... There are at least 2 connections that need to be made between the waterlines running down Main Street.”.
-
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2007, page 17, C. Recommended Distribution System Improvements, bullet ‘3’*

Riley Vane - Fire suppression. Pro value in 2021, 2017 and 2015 said LDWA needs pipeline replacements to replace pipelines that are regularly being repaired or that lack the capacity for the recommended fire flows. We have Jones & DeMille, has built a water model of the system. What a water model tells you is where the flows going and what pressures are there. You have minimum pressures you have to meet for fire code. That's for the International fire code and state law. We found because of that 6-inch bottleneck that happens through town, there are several hydrants that don't meet fire code. This is an unsafe condition. Lending itself to the project we're talking about, their solution to it is we need to increase the diameter of the pipe, increase the flow, and the pressure that can get to that hydrant.

Sunrise engineering said to replace the six- and eight-inch water line on Main Street for at least two connections that need to be made between the water lines running down Main Street in 2007. For those who don't know, there's two water mains down Main Street, the East and the West. In a few locations those cross, it's actually a great design. You're lucky to have it. That means you can keep most of the water system running through town while you close down services and do repairs and things like that. That's great. One thing that it does limit you is If you have two small lines it doesn't help your pressure much at all. You need something that has a capacity to convey that water and produce the pressures, the hydrants and the service connections can hold. That is why Sunrise in 2007 places it a need.

JDE Analysis: Oak Grove Transmission Line

- Current Pipe Conditions
 - 68 years old
 - Steel pipe, unlined
 - Exposed on surface
 - Repairs have been made and upsized near tank (high pressure zone)
 - Susceptible to catastrophe.
 - Causing water to back up in the elevation boxes
- Opportunity
 - **"Unprecedented"** funding, not likely for a private company again
 - Unknown future permitting efforts (compare to 10-years prior)
 - DDW funding package designed to be comprehensive.

One of the other projects the Oak Grove transmission line, we were asked by the board to thoroughly vet this and look at the conditions of the pipe, which we've done. It's a 68-year-old pipe. It is a steel pipe, however, it's still 68 years old. The American Water Works Association AWWA, they are the forefront, they are the authority on pipe materials in the United States that are used for drinking water. I actually sent a report to the Board, and they could send this out, It's very useful information. They talk about the longevity of pipe in the given regions of the US based on the big, large and small system. They said that in their study, which had thousands of systems, for the small systems in the West, you can expect a service life of 70 years on unlined steel pipe. We are right there and in fact we are 68. We found that tonight. So, we are right there. It is great that it's working. According to the professionals, and the studies that are out there, it is rare. In talking about the pipe; It's unlined, meaning it's susceptible to corrosion from within and without.

And with that I want to touch on part of the Water Conservation Districts transmission line replacements going through town. They had to do a soil test and so they took different soil bits and went and analyzed it. They found the soil in Leeds is not just highly corrosive, it's extremely corrosive. That is requiring them to do special treatment on their lines through town and likewise we will do the same treatments to

ensure that our investment is secure. But just to point out that there are other factors, there is the chemical makeup and soils that it's in, whether it's Crossing faults, and things like that.

We have already talked about repairs that have been made near the Tank in that area. It's certainly something that's been planned for and it's susceptible to catastrophe. Talking about that, anyone fill the earthquake earlier this week? It was pretty crazy. I can't remember the last one I experienced around here. When you have buried steel pipe that's old. Old pipe gets brittle, it's susceptible to movement. When you have the movement, like the experience of an earthquake, you are rolling the dice on how long that can withstand that type of movement. It's something that I didn't even really think about it and even talk to the board about until Monday. I was thinking about that. Gosh, I hope Mark's checking on that and everything is OK.

Another thing that we talked about is the size of the pipe causing water to back up in the elevation boxes. That's where we were talking about Just having a caring capacity for which the spring is able to produce. With the transmission line lets talk about the opportunity that we're faced with right now. As Don mentioned, Heather Patty, who's our product project manager from Division of Drinking Water (DDW), she's the one that we will be reporting to, will be sending invoices to for reimbursement, she will be checking up on us, she will be doing site visits to make sure that what we're doing is what we planned on doing. She said, this is unprecedented. She's never seen a funding package like this, and she wasn't expecting to see one anytime in the future. Between the percentage of grant and the interest rate, it's unprecedented per her words. That's why I quoted it. Janelle Braithwaite said the same thing.

Another item that sometimes gets overlooked is the permitting efforts up there. As Don has already talked about, the spring is on National Forest land, which means you must go through a permitting process, environmental assessment has to be made and they are costly and they take time, up to a year. We are hoping we can expedite that because it is mostly contained in the road, but we won't know for sure until we talk to all the right people get that one done. One thing we do know is we know how much these costs. If you would have said ten years ago you want to do this project, you would have seen significantly different environmental requirements, significantly less environmental requirements. That means costs will be less. The way we are trained is environmental demands are increasing with each of these projects, you just don't under mind. In 10 years, I have no idea how much that type of environmental cost will be, but we know how much it costs now. One thing about the funding package speaking on, why all these projects? Why are they all lumped together? Well, there is a reason. When Division of Drinking Water do these loans, they expect you to look at the system, assess all vulnerabilities in the system not just what's current but in the next 10 years? If we were to say, well, gosh, I don't want to do the Oak Grove transmission line because it's not broken, why fix it? Well in five years that very well could be broke. And the next time you go and sit in front of the Division of Drinking Water, they're going to ask you why you didn't plan for this, you have 70-year-old pipe. You know the condition of steel pipe in the area. Why didn't you do that? They'll loan the money to you, but it's going to be at 5, 6, 7 percent interest rate. It probably won't be a grant. I talked to several different project managers about that, and they all came with the same consensus that this is something to consider when you're doing these funding packages, to look at the system entirely.

JDE Summary

- All projects described above have been carefully planned for and known a minimum of 15-years, by multiple LDWA boards and consulting engineers.
- Given the LDWA system needs and the “unprecedented” funding opportunity, JDE strongly recommends the following projects:
 - Drill a new well.
 - Construct new/rehabilitate (if economically feasible) the existing well house, install altitude control valve, and electronically controlled chlorinators.
 - Replace the Oak Grove spring transmission line and the undersized Main St. west pipeline. The latter being in conjunction with the WCWCD replacement transmission line.
 - With appropriate and remaining fund, replace the undersized Main St. east pipeline.
- JDE also recommends (upon project completion) producing an updated water master plan to ensure that these improvements and the existing system remains in well functioning and proper order, and that regular operations and maintenance projects be planned out for the next 20 years.

In summary, all of these projects described, carefully planned and known for 15 years by from several different LDWA Boards and by several different engineering companies including Division of Drinking Water, who also reviewed this application. They went through and looked at our assumptions and had to agree or disagree with it. Given the LDWA system needs, and the unprecedented funding, we strongly recommend the following products. That's what we talked about up here two months ago, a new well, construction of new well House, chlorinator, Valve re-structure, all that stuff, replacement of the Oak Grove transmission lines, replacement of the undersized East Main, and the joint effort with Water Conservancy District and replacing the West main also where it's under size. That way we can meet the source demands. We can meet the fire flow suppression, and just make it safe and secure. So, we also recommend after these projects are completed, we'll take step back, look at the system as a whole again, and identify the same type of points that you're going to want you looking at in 20 years, because this project doesn't solve all the problems, it's a system increase overtime. So, let's find out what are the next projects and how far out to plan. Information is key to these decisions. One thing that we are very aware of as a consulting engineer Boards change, in six months, it's probably not going to have the same people up here. So, our primary responsibility is the safety and security of the shareholders. These are recommendations that we wholly recommend for your safety and security.

With that, I recommend that we move forward with these projects. My opinion and Jones & DeMille's opinion as the consulting Engineers.

Kurt Allen - We appreciate the effort of Riley and his team, who come from all over the state of Utah from several offices and it's amazing the support and the knowledge that they have and we appreciate what they are doing. OK. So that's an overview on the project. We are going to now take a few questions.

Don Fawson - Before we do that, I want to officially open this as a Shareholders Hearing. So, I'd like to ask for a motion to that effect.

DISCUSSION	Request a Motion to Open Shareholder Hearing [Don Fawson]
VOTE	MOTION TO OPEN SHAREHOLDERS HEARING: ALAN COHN SECOND: KURT ALLEN MOTION APPROVED: Unanimously

VI. SHAREHOLDERS HEARING

DISCUSSION Disaster Recovery / Justification [Michelle Peot]

Kurt Allen – So, now we're going to address the project itself and then as we feel comfortable about where we're at on that, then we will take another segment and go through the rate structure and discuss that. Anybody who wants to talk comes up here and addresses the board and we don't want any interaction between the speaker and the audience that you want to come up and speak into the microphone and say your name.

Michelle Peot - just wanted to say that I appreciate all of the efforts that went into this presentation. I actually do this in my profession, and I also do disaster recovery work with the Petersons, I think that there's justification here, and the timing is good, and I want to speak in favor of this project. I think we would be unwise from a disaster recovery perspective to just wait till something fails.

Don Fawson - Thank you Michelle.

DISCUSSION DDW Funding & paying off present loan / WCWCD paying for Main St [Elliott Sheltman]

Elliott Sheltman - I was on the board for 10 years, there were other individuals here that were here for 10 years also. The stuff they're putting up 2012, 14, 15, all that. Yeah, we had a list about 20 pages long of things that we thought should be done and what we could do. We caught a wish list and we put that together and then we would price it out. Sometimes we would have Karl, from ProValue Engineering, involved. We would do some rough bag the envelope kind of stuff. We would move around as one became more pressing or as we got some money, or we got money put together from something and so we do it that way. What we would not have done is to take out a multimillion-dollar loan for these projects because this is never ending. The wear and tear on your infrastructure in which you have to do to keep up on it never stops. If you take this loan out, then you're going to have that over your head for 40 years. As other things come up, you're going to have to fix those, but you're still going to be tied with this loan. We had a 30 year loan, we paid off in 15. The loan was 1.4 million. It still took a long time, to pay it off. Half of what we took in in revenue, per the contract goes directly to the loan. To the state, DDW. By the way DDW will approve almost anything you put in front of them. One year after we took out our loan, they were bugging me every single week trying to get me to take her money. So, what we would do is we would pay it off, taking that loan from 1.4 million. How long is it going to take for 4 million? So, what will happen overtime, what you're being charged will go up. I have said the things that need to be fixed, the way we did it piece meal, a bit at a time. What you're seeing on Main Street, the breaks aren't the main line, in a couple cases it was, it's your connector lines. Someone wrote that down at the post office, it's your connection lines. Those are old lines that were state of the art plastic back in the day. They fail, every city is having to deal with them. We've replaced some of them on that street, and we replaced Mesa vie, we replaced Vista, we replace Roundy Mtn and everything north of Vista because that whole line was put on both sides of Roundy. We're not like the Water Conservancy we can't take on debt and then sell it in the form of bonds. We have to take it and we have to pay it off. I think it cripples us when it comes to other things we need to do. And one thing about the line coming from Oak Grove Spring, it is true that 70% of that is running water that is LWC not ours. The Altitude valve is also in question, if were doing favors for another water company, then I expect them to pay a big chunk of the money. And one other thing about Water Conservancy, what we have been paying them over the last 20 years and what we've got which is nothing, I think they should kick in. I mean if it was me still being president, I would be asking for them to do it for free at least on your side. I think that would be reasonable and it would be a way for them to be a neighbor and for us to feel like we are being taken advantage of every year when we pay that \$172 or \$200 whatever it is that we pay on our property taxes every year and have for 20 years.

Don Fawson - Thank you Elliott, there is some wisdom in what you are saying. So, part of this loan package is, we have to put aside 5% of life. Riley, would you like to explain?

Riley Vane - 5% of your annual revenue to do your capital facilities reserve. So, the same capital facilities reserved that we're maintaining as part of the old loan could get easily wrapped into the new one. And to address exactly what Elliott's talking about, all those unforeseen problems that pop up, breakages, someone hits a hydrant, things like that.

Elliott Shelton – To be clear, I'm not talking about small stuff I mean big stuff even if we do this, there's a lot of things to be fixed and Jackson Ranch is just one of those. The farmers put the lines in and there's a line with this mess air vacs, it needs to be completely replaced, the capped off hydrant at this location by the house. There are probably 20 things like that around town. It was on our list. So again, you're putting all your eggs in this project, but after that you're going to have projects. You can do it out of pocket. We did it for 10 years, here's the deal, pay off the loan in another couple of years, you double your income because you don't have to give it to the state you keep it. So, you double the amount of money you're bringing in every month, every year. Which would give you \$300,000 a year, which is what we were pulling in. You can do a lot with that?

Kurt Allen - Just real quick. I want to commend previous boards for the work that they have done, the projects that they put in, the improvements that they have made. This board and future boards don't anticipate changing that process. We're going to continue to make improvements in the system outside of these projects that we're talking about as they arrive, and as they come up. And and we will Definitely try to pay off the loan quicker. I Doubt very much that this loan is going to take 40 years to pay off. We're going to build into our mentality that we will be just like Elliot's has paved the way in the past to take care of our infrastructure as the needs come up and pay off our debts. That hasn't changed and that is our goal too.

DISCUSSION	Recommendations from Previous Engineering Companies & State [Don Fawson]
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Don Fawson – I think one of the things that we tried to emphasize here was recommendations of various Engineering Companies, about what was actually needed. It was things not only the Engineering Companies, but the State were also recommending. I think the issue of the well is one, and the redundancy that comes with that. The ability to be able to take of power needs to the well if we have power outage and those kinds of things is absolutely critical. Not tomorrow, but today it is something that's there. I am not excited about a big loan. But I also am not excited about the situation with the infrastructure right now, and the need that needs to happen. It is not like the past loan that was like 3 and 1/2% interest or whatever and over the period of time, I think somebody mentioned we saved something like \$400,000 or something to that effect by paying it ahead. Will that mean that there was probably equal amount that we were paying as a result of that interest rate. And that's something that we're not going to have to be dealing with. The Downside of this is this, I want to go back to the September 30, 2016, Board minutes. It says in here that there is a grant availability presentation by Curtis Nielson, that Works for Ensign Engineering, The town of Leeds engineering group for their N Main Curb & Gutter project. Nelson said *'grants are difficult to get in these times, although we might qualify for one through Department of Drinking Water. They are based on the MAGI, that's LDWA's \$40,000 average gross income plus, the average water bill, which is required to be 1.75%, or about \$60 a month. LDWA cannot qualify as the monthly bills average \$20 for water charges and another \$20 for repayment of an existing DDW loan #3F138'*. So, they were looking at the possibility of getting a loan, but they also said that the loan was currently at that time at 1.875 and that was during the good times, I guess. I think the other thing is, when I was a kid growing up there was an Air Force Base, just above San Francisco. They needed a new hangar out there for their aircraft. So, they went ahead, got it architecturally designed, they sent out for bids, they got the bids, they took it back to the office for approval to decide if it's too much or not enough and they said too much, redesign it, take some things out. So, they went back, they redesigned it, they sent it out for bids again, the price came in at the same price. So, they said too much, redesign, so they basically gutted it. They ended up with the Roof and walls, and they sent it out again. It came back at the same price. This time they accepted it and said build the Hanger.

So, all I'm saying is, as time goes on, at least in my lifetime, I haven't seen things get really less expensive. It seems like they continue to go up. I think I used to work for less than a dollar an hour, and I don't know whether it was just because I was dumb, but maybe it's just because I was old to live back then. When I think of that now, I would do it for free, but I wouldn't do it for a \$1 an hour. So anyway, I think there's that issue too, the price, it's always a gamble. You never know about supply chain maybe it will get better and maybe it will get worse. I don't know, we're living in a funny time in our history as a nation right now. I also get concerned about the environmental impact, not only because of the cost, but because of the time that it takes to get those kinds of things done. So anyway, that is my thought.

Alan Cohn – Riley what are the ramifications with all these deficiencies that have been identified from previous Engineer studies. I am sure there is somewhere in the State or whatever any potential safety as they look at all these deficiencies identified several times. Is it something that could come back and bite us?

Riley Vane – The DDW relies on the Boards of private water companies to manage their deficiencies in source and things like that, they require you to do that. They're not going to be breathing down your neck by telling you there's a catastrophe. If that Well collapses again, they are going to want to know, where's the planning, was there panic planning in place, was there funding in place to handle it yourselves. If it's not, let's look at what available funds that are available for an emergency, which you can't always bank on. They do have some emergency reserve for things like that, but it's usually pretty small amounts. They want big items to be planned for.

Doris McNally – Just to confirm what Riley is saying, Mayor Bill Hoster at last month's meeting also said he was hearing that at meetings he was attending, so it has been confirmed by the mayor of our town.

DISCUSSION | **Past Experience** [Rex Heaton]

Rex Heaton – I lived through an experience similar to this when I lived in Roy back in the 80's. We had a new development, there were a lot of new homes going in, putting in the water system and stuff. A few years later a municipal water company came in and said we don't have enough culinary water; we need to put in a water system for outdoor use. They had similar funding, low or no interest loan with grant money and stuff. The costs to do that would have been for homeowners around \$200 a year to have that put in. The community voted it down saying we are not willing to pay that much for it. They came back four or five years later and said, you know, we really need this, but now it's going to cost \$50 a month and I don't remember exactly what the numbers were, but finally they forced them to put the system in and it cost them ten times what it would have if they would of put it in at first. And so I think we've got money available right now and if we can divert the catastrophes that may come later on, then we don't have to have those day to day minor repair fixes or catastrophic fixes that you can eliminate by putting the system in. I don't know anything about whether all these things need to go in right now or not, but you got my vote because I think if we don't do it, it's going to end up in a disaster.

Don Fawson – Thankyou Rex.

DISCUSSION | **Water Source, & Proactive** [Allen Roberts]

Allen Roberts - The first two things that we really did focus on is water source. We wrap this up into one large package, but the water source. My question is do we still look at El Dorado as a water source? I mean, I think the water coming needs to keep that one water source in play, whether it's being used or not. The piping coming off from Oak Grove if the shareholders are not willing to invest in improvements on that, it'll be a knee jerk reaction when we lose it. A 100% knee jerk reaction and it will cost a tremendous amount of money, when we talk about this 0% interest that's available now. 0% interest to us. And let me tell you, the funding came from the Federal boys to every one of these states. There's a tremendous amount of money there. I believe if you pay taxes, you are paying for the funding that every

state in this country is pulling these types of financing off from. So, with that said, it's 0% to the Water Company and the Shareholders but it's still an investment the shareholders have to be willing to buy in on, which means you're going to pay a higher rate, or we serve more connections. You have to generate the funds somewhere this is not imaginary. But here again, it's an investment in the system and if you want to remain as a Private Water Company, then you better be willing to invest in it. I'm not saying that the exact numbers are there. I'm not saying that I agree with every single thing that's presented. The water sources we need to invest in, I still have heartburn over the amount of money that was spent trying to drill another water source in a well that literally amounted to nothing. And it's difficult to get the professionals and yeah, I'm going to pick on Riley here or Jones & DeMille for a minute or even those geologists that say drill right there, you're going to hit water right there. Oh, you didn't hit water there, let's drill over here. Didn't cost them a dime, literally it cost the shareholders for each one of those. So, I have some heartburn because the professionals don't have the responsibility and the liability if they can't produce what their anticipations are.

Elliott brings up an excellent point when it comes to the Conservancy, and we're talking about them opening up Main Street in Leeds, for a water service for their system. Everybody in this county pays into the Water Conservancy. How many people in here are served water by the Water Conservancy? Probably no one, but you paid into it. I very much support what Elliot said, I think that the board needs to be very aggressive with the Conservancy on you open that line up or you open that trench up, I'm not talking about them paying for components in pipe, You open that up, you lay a pipe in there for us. We paid and there's a number of taxpayers in this county that paid that have never received a service from the Conservancy.

With that said, when we talk about catastrophes and if we don't have the water source either from a well that goes dry, a well that caves in, a spring that goes dry, piping that has a significant fall. I want to remind people the Water Conservancy in Washington County their task by the state of Utah, they have to provide water for Washington County. A number of times, the Conservancy says, look you guys want to be a private water company, be a private water company. As the municipalities always look for the safe and reliable water source for their communities, the Conservancy is willing to provide water, even in emergency situations. That is coming from different Presidents of the Water Conservancy over the last 15 years, that I know for sure. There's no community in an emergency that we would not see to managing and providing the water. How long that comes to get there, I don't know. So, I'm not advocating for a mixture about water, I just want the truth to be out there that it's not the Conservancy against private water companies, they're tasked with serving Washington County. But it is the responsibility of the Shareholders and the Private Water Companies, you want to run a Water Company be responsible about. The only thing that the state is going to come in and say is how much are you allocated? Where's your source coming from? And are you meeting all of the state requirements each month for that water you're delivering to customers? They're not going to get involved whether you take care of your system unless you're delivering water that is not safe to drink, and then they'll just shut it down anyway. Why would we not want to be proactive? I don't know if the dollar amount is really what should be there. But I know that if we don't invest, we will be doing a knee jerk reaction.

Don Fawson – Thankyou Alan.

DISCUSSION | **Banking / Do we have to use all the money** [Angela Rohr]

Angela Rohr - My question are we still banking with Mountain America?

Doris McNally – Yes, they are a good firm, been doing good work for us.

Angela Rohr - It was one of things when I was on the board we insisted on because my main concern was the frugality of our banking system center at a Credit Union it's a little more stable.

In looking at this, I caught 2 of them at 4.1 million for the New Well and the pipeline coming down. The question is do we have to spend the 7.6 million all right away, or do we hold it or what happens with

excess because this 5% that is being required to set aside, which is always good? Would we meet most of those other things that we need to keep track of, to keep updated, and keep our systems doing great. So, is the rest of the money something that we have to spend right away or is it something that would be held back?

Riley Vane - So let's say we complete all the projects under budget. What is happening with the excess funds that are available? So, one thing about the funding, they allocate the loan amount first and then they move into the grants and so at the end of the project as you're sending in these dispersal forms for reimbursement at your first doing that for the loan. So, the latter end would be the grants, you will be missing out on all the grant money. That's one thing. Another thing is that you're not obligated to spend all the dollar amount, but what it would be is you would return that money back. At the end of the project closing when all the projects are said and done, and Heather comes down to do her final inspection. Everything is done and buttoned up the money stops. They don't expect you to be submitting anymore invoices or anymore disbursement reversal forms or anything like that, so they don't let you retain that. It's meant to service the invoices during construction. Does that answer your question?

Angela Rohr – Yes that was helpful.

Don Fawson – Thank you, Angie!

DISCUSSION | Eldorado Well [Riley Vane]

Alan Cohn – Riley will you speak about the Eldorado Well?

Riley Vane - Yes, we have a memo, I will get the finalized version out to you, Doris, and then you could probably put that up on the website. What we did with Eldorado, #1 the Tank, #2 the Well. What we determined, and this was done through the water model, I talked about that previously, how we analyzed flows and pressures throughout the system to make sure you're compliant with state code. What we notice running through the model before I even talked to Mark to see kind of how that was configured over there, we were noticing very problematic pressures at the North end of the system. So, I talked to Mark about that and said so what's the connection up there with the old tank? He told me that it had been valved off and then the water was coming down from the Highland tanks, coming through a PRV, pressure reducing valve to maintain pressure that flows throughout the system. What Mark reported and what I verified with the model is that in order to meet fire flows at those hydrants on the North End of Eldorado development, there is no way that Tank and Well can remain in service. The reason being the elevation of that tank is so low in the way that it was connected with the well that you'd be pushing water out of the top of the tank in order to meet fire flows. Now you can dial it and as I understand that's what's been happening in the past, is they dialed down that pressure reducing valve so that it just doesn't quite overflow the tank? What that means is those hydrants up there don't have sufficient fire flow as per state code. So that's the situation with the tank. Now with the well, it's the same type of thing about what we talked about previously. We have the latest reports for Mark from when he pumped the well and that's the best information, we have on what that well can produce. I want to talk a second about how you can determine the efficiency of a Well. It's called the yield rate. What you do is you divide the gallons per minute pumped, divided by drawdown of the well. Just to give you an idea of what that looks like, if you take the Highland Well, and takes those 357 gallons is what we pumped earlier, we had four feet of drawdown. Incredibly good Well, incredibly good Well. That yields an efficiency value of about 89. Back in 92, when the Eldorado Well was drilled, I went back and looked at the records to see what they pumped it out and what the drawdown was. It was 150 gallons per minute and 120 feet of drawdown. As compared to just say before at a rate that was double that efficiency rating of 1.2. The Highland well, is 75 times a better Well than when that Eldorado well was new, is that making sense? And that was when it was new, and we have reason to believe that since then it has degraded in quality based on what Mark had reported earlier. So, it's of our opinion it's not worth diving into that well anymore. I

think it's served its purpose, and the funds are better spent in determining a new location. Whatever the risk that is, we take all precautions we can to try and ensure we hire hydrogeologist. He's on site during the drilling. He's the one who tells how to drill a well. He knows exactly what he's looking at. He drills a million of them a year. Jarod Westoff came in and was talking about John files and how he has had great experience with him, and we have had great experience with him to. He will be here and observe the construction of the Well and make sure that it's cased all the way. Something that was reported about the Eldorado Well, but Marks Camera proved otherwise. It's not cased all the way even though it was reported that it was and is in the Well book. John Files will be the one to make sure it is constructed in such a way that it's worth the investment and that it has the best chance of success. After all were all water witching right, that's what it feels like sometimes. But to utilize the data that you have, John has great experience in the area, and he recognizes the faults and soils. His insight will be invaluable when it comes to drilling the Well.

DISCUSSION **Altitude Valve / LWC Contract** [Elliott Sheltman]

Elliott Sheltman – May I ask a question, I asked it before and nobody answered it, what is the Altitude Valve for?

Riley Vane – So, what we determined from the present configuration, when all of the tanks within the LDWA system are full, there is a relief pipe that goes down into a ditch. Is that correct Mark?

Mark Osmer - Yes.

Riley Vane - So whenever LDWA maxes out to capacity, all this excess water just dumps into the ditch. With conservation efforts right now, it was determined that the best practice and you have our support 100 percent is to take all that excess water and why not just divert it to the head structure of LWC, the irrigation company. It's not at the expense of any Water that would be stored in Leeds.

Elliott Sheltman – Just really quick, What benefit does that do for us, at \$68,000? The other question on that is we were told we don't need storage. If you think that we just spent \$68,000 bucks to take overflow from the LDWA. So, my question is why are we paying \$68,000 for the irrigation?

Riley Vane - Well, do you want to be accused of wasting water?

Elliott Sheltman - We're not wasting water we don't have to have storage we don't need it. \$68,000 I don't want to pay for somebody else's water. And we were just told we don't need storage, but it sounds like we need some storage. The only reason LDWA decreased the size of the Highlands tank is because we were taking the Spring Water. I brought stuff but I'm not going to bore you with, but the contract here we signed with LWC we put them over the barrel. We can take all the spring water per the contract. The Water Rights cloud the issue. The Water right are all in the contract, they signed it, we signed it, both their attorney and our attorney worked on it, and what we ended up doing is getting the water rights. I can spend 5 minutes showing it to you, I have the contract right here. It describes the 1st and 2nd class rights 117 gallons per minute without any trouble. Legal because the lawyers worked it out and it was signed by a member here, Dave Stirling and myself. And we worked on it for years.

But I want to know why we're spending money for the irrigation company. That's 68 grand. I don't think I want to spend that, and the other I asked is, it appears were running 150 gallons a minute now through our pipe from the spring, which we never have before. I would imagine it's where it's coming out of their point of diversion and it basically is 150 gallons a minute. We should be taking back, we should be taking that, we should be taking 172 and we should leave them with about 50. Also, since its running down a pipe, there's no evaporation of the water. And part of our contract says that we if prove and we did, we have proven before we already did it, if you evaporate 40 or 50 gallons in an eight mile stretch of water, we get to take that too. We took the water, they fought for it for years, we fought for it, and we won fair and square.

I want to know why that and if we're running 70% of the spring line with their water then why are we paying for that, why aren't they paying 70%? Somebody wrote that on the bulletin board. Why are we paying the 70%?

Kurt Allen - These projects are still a moving target, and we may not put the control valve in. But the fact is, that if all the tanks are full and water is running down a dry wash what sense does that make to leave it that way and not allow our community to use it and put it back into the irrigation company. That's the tradeoff here. We run it to waist in a dry wash or we give it to the irrigation.

Don Fawson – We had discussions with Mark, and there is probably other ways to do it. But let me just say this for the record, this is in the February 7th, 2016 minutes, it says ‘LDWA is required by the Division of Water Rights to return overflow water into Leeds Creek down to the Qual Creek, Hurricane.’ Right now it is being dumped into Grapevine Wash in direct violation of that. So, somehow we've got to get it back in there. Now as far as LWC is giving up there water rights, that is not accurate at all, Not True. I've got that decree here, I guess basicaly it was supposed to be done by February of some year or something to that effect. But at that point, as far as I'm concerned, it's become null and void. But I don't think you're going to get to the State Water Engineer to agree that we have the right to take all that water. The other thing that David brought up, Elliot is that in that decree, or in that agreement, it said that we would have a meter in a lock box with a plexiglass window on there so they can read it. We did not do that. You can carry on any way you want to, but the point here is, is that we did not do that.

Elliott Sheltman – We did put a meter in and did not have to show them, because the contract says, I have the contract here, the contract says you show us yours and we show you ours.

Don Fawson - As long as I am President of this Board we are going to be going by the State Water decree, they're going to get their water and we're going to take ours based upon that decree. It's just the way it is.

Kurt Allen – Ok folks we had good discussions going. Elliott has had three chances to speak, I think we need to let everybody else speak now.

Elliott Sheltman – Thank you I appreciate that.

DISCUSSION | Loan Package [Tina Dyroff]

Tina Dyroff - I've got two really quick questions. Are the loan and the Grant tided together or can you just apply for the Grant?

Kurt Allen – They are tied together

Tina Dyroff - So they're tied together, so they are matching funds kind of thing a little bit or is it like you just said. We have to use our money first that we have to pay for, then we get the \$4 million free grant. And until that comes through do we have payments on \$7 million until it's down. So, if that grant money comes off at the end, is our payments for the whole 7? Because if you're not sure we're going to get it then we are paying for it.

Riley Vane - Let me clarify this. The disbursement, it will be dispersed from the allotted loan amount first, when that this disbursement is out, then it will start pulling out of the grant portion or the loan forgiveness portion. So, does that answer your question?

Tina Dyroff – So why doesn't LDWA just use Grant money. Use that up and the following year ask for more Grant money to do all these projects. If you can 3.2 million for free why not use that up first and then apply for another Grant?

Riley Vane – As a Private Water Company you are not going to get a 100% grant. It's not an option. It is unfortunate, it's one of the benefits that municipalities receive. Through that SRF funding package, it's not going to happen and there are no other funding packages that I'm aware of with 100% grant for any size of project.

Doris McNally – Riley, from the Board of the DDW we were the highest grant offered, am I remembering that correctly?

Riley Vane – Yes, we received the highest grant of the funding packages, and I think there were 10 or 11 entities that were that were approved for their projects or were approved for future funding. Only two receive 0% interest. Which kind of speaks to how that sorta worked and that's in competition with municipality water systems, not private system?

Rochelle Gardner – I have a question about the funding. We haven't heard anything about what the monthly assessment amount is projected to be.

Also, I have a question about where it says the average cost per shareholder will be determined in Concert with DDW using the monthly adjusted gross income Magi. What exactly is that? How does that apply to each and every one of us shareholders?

Riley Vane - First question, monthly assessment, I do have a slide prepared when we're ready to Move into that.

Steve Laski - The fiancé for these projects aren't finalized, so maybe you know the correct project or all necessary projects get formally formalized. But please don't pass up this opportunity, this grant in 40 years, 0% financing. Talk to anybody who knows economics. You're never going to get a better deal than this. Never. Don't pass it up. There are options as to how much goes to existing Shareholders and how much gets passed off to Developers.

Don Fawson – Thank you, Steve.

DISCUSSION | Fire hydrants

Shareholder - We are talking about This line that is the one connected directly to our fire hydrant system through the center of town. The intent is to replace the six-inch line with a ten-inch line to accommodate the future water needs at the South end of Leeds and to meet current fire hydrant flow requirements for Industrial, Commercial, Municipal and larger structures along Main Street. The discussion we've had so far you've talked about the need for fire hydrants in the El Dorado and that type of thing and the pressure for that, but why are we going to provide an Industrial and Commercial water pressure when we don't have Industrial or Commercial along Main Street, and if it does develop down there, shouldn't those entities pay for it themselves rather than us, the shareholders paid for it?

Riley Vane - I'll answer my portion, the Fire Hydrants are found lacking in several locations along Main St. Anywhere you have that old 6-inch line, you're seeing fire flows that do not meet the footprint of the surrounding buildings they're supposed to service. So yes, they are deficient.

Don Fawson - So the few places that we're looking at covering are?

Riley Vane – The Church, Town Hall, Commercial Properties up on Silver Reef Rd.

Don Fawson – So, those existing places right now that do not meet the fire code requirement.

DISCUSSION | Loan Difference [Robert McNally]

Robert McNally - I wanted to ask what was the annual payment of the existing loan that's going to be absorbed? What was the annual payment on that and what will be the new annual payment if we use up the entire loan, which I guess is like four and half? So, what's the difference?

Jennifer Lefler - For this year the current amount due is \$31,000. It's been varied amounts over the years.

Riley Vane - With the inclusion of that \$273,000 principal, getting rolled into this, the annual payment would be \$107,000.

Robert McNally - So from \$31,000 to \$107,000

DISCUSSION**Developers Expense and Infrastructure [Joe Baughman]**

Joe Baughman - You guys have done a lot of work to bring this to the state it's at obviously, and there's an opportunity, it looks like, a financial opportunity to be possibly taken advantage of and it looks like there's a need. The question I've got goes with your question that didn't seem to be answered here and skipped around. Yes, we have some fire hydrants that may not have quite enough power to blast the fire out to the Max, but it probably would put the fire out. Is there pointedly a system in place, A protocol, a way to look at developers in a way that they're paying their fair share as you go forward. Because as I look at the board up here, I see some deficiency of 691 gallons per minute or something by 2027. I don't know where that comes from, and I don't know why the group here is going to keep paying for that. And then there's future development and then we always in arrears paying for that Development. So, is there a mechanism, a legal mechanism in place or something so that development pays for itself as we go?

Kurt Allen - Yes, absolutely. LDWA expects all development to pay their own expenses for all their own infrastructure and their own improvements to go into their development. If it's an offsite improvement that they have to go after mile up the road to get to connect onto our system, they pay for that and they connect onto our system at that point. And they install the system throughout their development per our specifications and they pay for it and then once it's installed then they turn that over to LDWA to operate and manage. And in addition to that, before a new development can come in, as you all know, they have to bring the water rights to LDWA in order to even get to the point of talking about a system, and getting hookups, and impact fees and things like that. So, Water Rights have got to come first. So we don't pay for anything.

Allen Roberts – Kurt let me expand on that just a little bit. I think it's important that individuals get their question answered because they're asking about why a larger size pipe. We have a four-inch pipe that comes from our spring. It was fine 69 years ago. It's not fine now. So, I'll use the ten-inch line going down Main Street. Riley pointed out most systems don't have double pipes. Both of those pipes are not sufficient in size. It would be better interest or better money spent for the water company to size that pipe properly to run a single pipe down there to serve existing, but you also have to look at anything the future potentially could be downstream of that system, unless you're willing to say, this is the end. We will never connect onto anything here again. Never say never, because I tell you that all of us here aren't going to live long enough to never say never and make that a reality. So rather than looking for in the future that we'd have to tear that pipe out and upsize it for future possibilities or connections. Size it appropriately. And as Kurt said the Developers have to pay for their own infrastructure. But the other thing that comes into play, there's impact fees to go with every connection. Those impact fees are specific for the impact that that connection has on the system. We can look at the history here and I can tell you that everybody here in your monthly bill, because part of it was roped into this last loan that was taken out, resolved some deficiencies in areas that existed here when those areas were developed in unincorporated areas. Those systems were deficient, the Water Company owns that system. You need to bring those systems up to where they are adequate for the needs that they serve. Elliott brings up the point that says do you do everything all at once. I don't think that you have to look at everything all at once, but you need to look at some key factors that need to be dealt with. Like I said, sources are right at the top of the list. But you're always going to have some maintenance. You're always going to have some lines that need to be repaired. That's not going to go away. But you have to look at future areas when you're placing the pipe. By using the conservancies while they are replacing pipe right now. The pipe they are putting in is larger than the one that they put in previous years. You can have arguments on whether there was a manufacturer defect, whether it was an over pressurization of the installation of the piping itself, it depends on who you're talking to the contractor or the person or the company that made the pipe itself. The pipe they are putting in is larger than it was then. There's a 3-million-gallon tank going in up at Anderson Junction for a reason, because they're looking at future of being able to wield

water here and there. On that note, I would look at another tank, you're talking about water sources. I would look at another tank for capacity.

DISCUSSION | **Perspective [Alan Cohn]**

Alan Cohn – Just briefly, I moved to Leeds about five years ago and I joined the Board about three months ago. I joined it reluctantly; my wife did not want me too. It's a lot of work, it's a lot of stress, and it made a lot of friends in the community. NOT. But really what I've seen and learned about the water in three months that I've been on the board and in the meeting with the Division of Drinking water is there's a lot I didn't know from the outside that I was assuming. So, yeah, it was easy for me to get angry about some things, or fearful about something, but having a better understanding now. But one thing I do have confidence in is that I believe we're making the right decision first of all, because at the end of the day I paid "X" amount for my house. If I turn on the spicket and nothing comes out. Well, it's worth a big fat goose egg right? And that's kind of how it is for all of us. Jones & DeMille a great Engineering firm, I mean they really dug into the Manisha. The fact that they've been able to get this kind of funding from the state and then on top of that if you look at it from this perspective. The state is not looking to just give money away. They see that we need this. So that's why they're willing to give us this much money. They're not going to come in and say, Oh yeah, well, you know, you need this, and maybe you don't need that, but we'll give you the money anyway. They're, looking at the data Jones & DeMille are providing excellent data for that. With that said I will turn it over to Riley.

DISCUSSION | **Overruns [Terry Bailey]**

Terry Bailey - It sounds like this system is on life support. I have been here a year. This is the first time I heard how the system operates was when we had the election. I was shocked. Not understanding why there was only one pump. It was mind blowing to me. There's a little saying that goes. One is none and two is one. Anyways, that aside, I want to know about the cost overruns because I guarantee you, a project this size will not get completed and who's paying for the cost overruns? Everyone here is here for one reason, to find out how much it is going to cost out of their pocketbook. It's what everybody's waiting for.

Riley Vane – Cost overruns, so what we've done is we built in a 25% contingency in all these projects. 25% of construction costs based on what we're seeing in the construction industry on where we see prices heading. So, we're planning out with that in mind. That's a very good point of cost overrun.

The second point on that, LDWA has instructed us, and I think wisely as they do have a project, it's going to be the East main because it's a little bit more than the West Main. We will scale that proportionally to where we land within the funding, as it is getting dispersed, and the other projects are going that's going to be the capture all. If we're showing that there's not enough funds, we're going to scale back on that project. We're going to meet that seven and a half million.

Terry Bailey – You have to answer the question though. What happens when there's an overrun because you can't stop a project in the middle, it happens, who's paying for it? Who's paying that 25% the \$1.5 million?

Riley Vane – It is set aside ahead of time, it's already planned for its planned or built into the 7.5 million, it is built into the project?

Don Fawson – I just have a comment. So, one of the things, I want to go back to Alan's comment about the wells. Right before we moved to town, we moved here in 1971. And the Irrigation company drilled a Well and it was dry. And it was obviously a big disappointment. When we drilled the Well where it is now, then we have the geologist come down from the state, and we had two water witchers, it cost us two cases of beer. When they all agreed, we drilled. But what's interesting is when we talk to the geologist here, he said. What you need to do is drill a small bore hole first, go down and see what you got

down there, and then you go back, and you rig it out if in fact you find something. So at least you can cut some of that cost down, nothing is guaranteed.

When the well caved in and we went back and tried to yank all the piping and everything out of that and then go back and re-drill, we were sweating bullets. We had no idea whether that was going to come out. It came out wonderfully. It's just an amazing Well, so there is a risk there. We're trying to minimize that. Which water?

DISCUSSION | **Well [Manual Goy]**

Manual Goy – My question is about the Well. With the modern day are we still guessing where the Well will be. Don't we have the instrument that will detect if there will be water down below there?

Kurt Allen – We have hired John files who is a hydrogeologist. He is well known throughout the State, he's very familiar with this area and he's done his preliminary studies and he's chosen 3 from possible sites for the well, if anybody would like to look at that. this report will stay here, but you're welcome to come up here and look at the report and three sites that he has chosen, One, Two, and Three. We're going to follow his direction. He is very confident there is water there.

DISCUSSION | **The System for Development [Chris ?]**

Chris ? Shareholder - I just want to touch on something somebody brought up. Redesigning the system for future development, and industrial, and commercial. Is it liking an electrical line? If you run an electrical line to a piece of property if someone builds between from where you ran it and where you tapped into the existing line, then they have to pay for that portion does the water work that way. I mean, when somebody brings into development, sure they're setting up their own lines and everything but they also paying, because we need a bigger line to feed that much.

Kurt Allen – Your exactly right Chris that is where the impact fees come in. So the impact fees are going to be adjusted to cover the cost were investing in the system, because the impact fees cover the cost of the system, even though the developer pays his own infrastructure, then he has to buy the impact fees to pay for what's already been put in.

DISCUSSION | **How does this whole process roll out in general [Jim Gardner]**

Jim Gardner – My question is how this whole process rolls out in general. Does it go out to bids or to construction companies to do this, so the overall amount may change?

Kurt Allen - Good question. Jones & DeMille will facilitate that procurement process in obtaining bids and contractors and it will be advertised over a large area around throughout the State even. So, we will get good interest in a project this size. It likely will gather a dozen or so contractors if we are lucky. And so the competitive bid nature is going to be taking place, Jones & DeMille will oversee that.

Don Fawson – Kurt can I make a comment to on that. I have been involved in Government most of my life, so part of the bid is not always taking the lowest bidder. If we've got someone that we know is better qualified and we can show that, we may end up with them. One of the things that was brought out was that the Well driller that we had previously was not as careful maybe as some other Well drillers are and perhaps, we could have got a better outcome had it been someone else. So, it's a combination involved. It's a combination of looking at the lowest bids and the quality of worker that's got to be done.

DISCUSSION | **Can we Shuffle funds around [Julie Bruley]**

Julie Bruley - and say that that one pipe down Main St was able to be get absorbed by Washington County Conservancy, would those funds then be able to be shuffled or new application written so part of that 4 million could maybe build more storage or tank or whatever? I think I heard the Highland Well

was doing really well, so maybe another tank with Washington County paying for the pipe would be a good trade.

Riley Vane – It's a Great thought. The source is the biggest problem. That's where the money needs to go is source for redundancy. It was planned for. It's known for, we are currently insufficient. We need to get to where we are meeting all the requirements for sources. That being said, there is some lateral on how you can use those funds. But if we didn't have our funding package to build a new storage structure, we would have to go back to the board and go through that whole process. If we're talking about improvements to meet fire flow, that's something we talked about if we're improving the transmission of the streamline. Anything involved in that, we can definitely spend money on that.

DISCUSSION | **Don are we ready to make a formal motion on the project** [Kurt Allen]

Kurt Allen - OK, before we turn Riley loose on the rate structure. I think that we need to make it a formal motion to accept the project. Don you tell me if you think we want to put it on the table from the discussion here.

Don Fawson – I think we need to go to funding first.

Kurt Allen – All right we will table that for right now.

Shareholder – What is the Monthly Gross Income.

Riley Vane - I can explain that very quickly. We did that in previous meetings, the median gross income is a tool that the Division of Drinking Water uses to determine how much funding a municipality or a service region could possibly be entitled to. For example, if you have a municipality that's below 80% of the state. If they are in an impoverished community, they will be dispersed a greater portion of grant and they have different tiers for that. But in the case that were a Private Water Company we maxed out our grant amount at the 3 ½ million. So does that answer your question?

Shareholder – Its not about individual assessment, its about community.

Riley Vane - They have it posted. This is Leeds MAGI

DISCUSSION | **Need to Address Water Rates** [Riley Vane]

Need to address water rates

- *Operations and maintenance costs have increased dramatically in the past 10 years.*
- *Current rates have not been updated in appx. 10 years.*
- *Current inflation indicates future O&M costs will continue be a challenge to finance with diminishing revenue.*
- The “**unprecedented**” funding package of appx. 47% grant will require LDWA to cover the remaining 53% over 40 years. In addition to maintaining and contributing to:
 - Debt Service Reserve Fund
 - Capital Facilities Reserve Fund

Riley Vane - First off, why we need to address it? I think this is important. Something that we've touched on is operation and maintenance costs have increased dramatically in the past ten years. Anybody in the construction industry knows this and they've seen it, they've experienced it, particularly around here. There is just a lot of construction. We have seen costs go up. Current rates have not been updated in

approximately 10 years. So, what you have now, you have a set amount of revenue that's unchanging based on usage unless you add more connections, as Allen stated. If you're not doing that, you have a static revenue with increasing operations and maintenance costs and guess what, your infrastructure is aging. The current inflation that indicates that this is going to be a problem in the future, this isn't going to remedy itself. So, that I feel addresses the need to why these water needs need to be looked at currently. The unprecedented funding package of approximately 47% percent in grant for 3 1/2 Million will require LDWA to cover the remaining 53% over the next 40 years at 0% interest. In addition to maintaining and contributing to a debt service reserve fund and capital Facilities Reserve fund, they require this, they are requiring you to have within 10 years of taking out that loan, you have to have one annual payment of that loan in place. So, we talked about 107,000, I think. For the previous loan we are at 33,000 so great start there, that's fantastic. And then they require you to do an ongoing capital facilities reserve fund of 5% of your annual revenue to address a lot of these items that we talked about regular operations and maintenance. So, all those items are considered as to why we need these rates,

DISCUSSION

Water Rate Restructuring Methodology [Riley Vane]

Water Rate Restructuring Methodology

- 2 years of discussion and analysis with Janell Braithwaite (Management Technician for the Rural Water Association of Utah. (Over 200 hours of research and analysis). Determined base fee + usage tiers continues to be the best method.
- How proposed rates were analyzed:
 - LDWA customer usage (from Sept 2021 – August 2022)
 - LDWA budget and inflation concerns (from 2022 budget)
 - DDW funding package repayments and requirements
- Compared prices to regional municipalities to ensure that LDWA shareholders are being treated fairly, based on a similar level of service. (source redundancy, fire flow, etc.)

The methodology takes a minute and talk about this. For those who are in attendance at last month's Shareholders meeting, Doris did an excellent job with describing the many ways there are to assess water bills. What currently is happening is a Bill based on usage with a base fee of \$40 and then that gives you so many gallons. This is how everyone builds their water. There's a bunch of different ways to do it. You can do it depending on the diameter of your Meter and things like that, but in the end, almost everyone boils down to a base rate with the usage on top. This is what we recommend we continue to do. How these were analyzed. So, with what I was talking about, the increased construction costs that has to be applied to the community as its usage. You have to cover those. That's the primary mechanism for analyzing the water is the usage. You look at the system, see where the distribution is, and how many people are using so many gallons, and you back it out to cover your costs. Another thing that we worried about was the inflation concerns we talked about on the LDWA budget. And then lastly, we looked at what additional funding package requirements is going to look at.

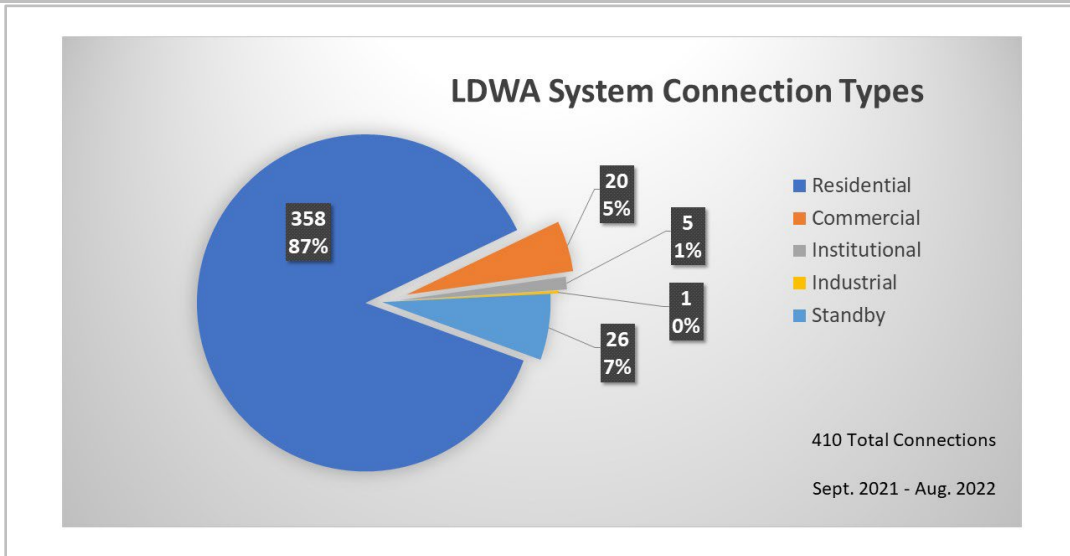
One thing I do want to note is that even if this funding packages is determined to be not suitable at this moment and time. I would still strongly recommend relooking at the water rates for those reasons I specified. You have operations costs that are increasing, aging infrastructure, no additional revenue incumbent compared to prices.

And then in the last step in all this, what we wanted to do is protect the shareholders. We did and Doris did an excellent job of this. We did our own separate evaluation came up with the same numbers we looked at surrounding areas about what they were paying their bills to make sure that LDWA

shareholders were not getting gouged or disproportionate, compared to the level of service, and I want to make mention of that.

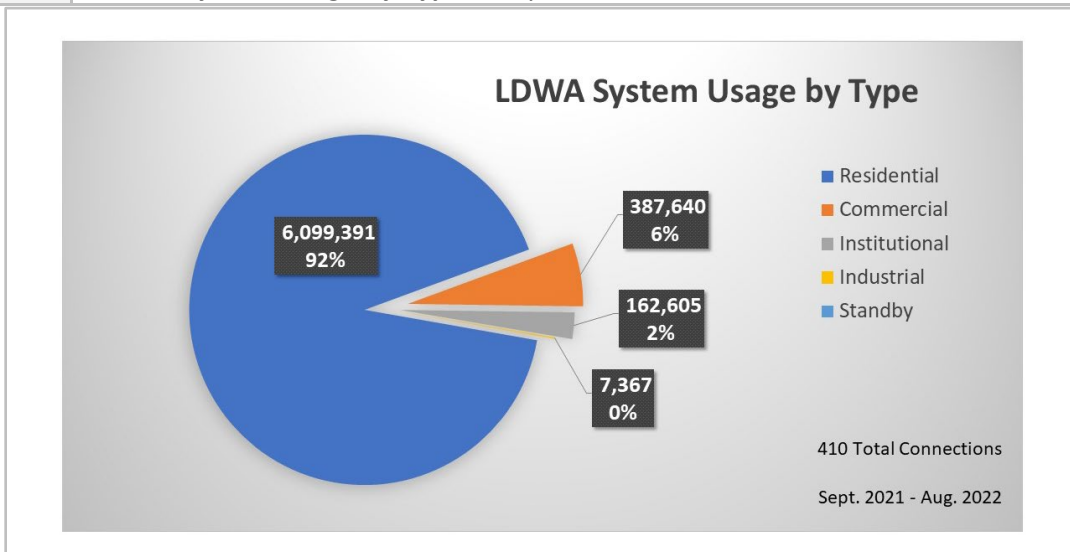
One thing just to point out disregarding all the other things about the Conservancy District, one thing they do is guarantee that they have enough source, and they have source redundancy. LDWA cannot currently claim that. Same thing with fire. They guarantee that their hydrants, at the expense of the developer or the District themselves will be fire flow capacity for new construction. One more thing LDWA can't currently claim.

DISCUSSION | **LDWA System Connection Types** [Riley Vane]



Some background in this connection types as to determine how to best apply these rates. One thing that I think is significant, there are 410 connections, 358 of those are active residential connections. So, obviously the bulk of the burden is going to be experienced by everyone, but you're going to see in the people using the most.

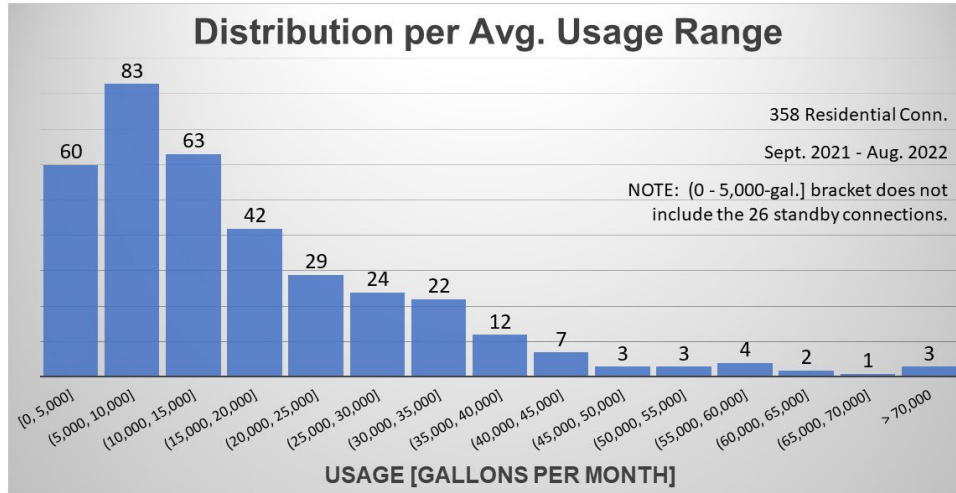
DISCUSSION | **LDWA System Usage by Type** [Riley Vane]



And if you look at the usage, it's even more dramatic. For residential, and I'm going to talk on everyone a little bit, but I'm going to focus my comments on residential usages. That's why we're here. The 87% of the connections are Residential, but 92% of the water actually goes to residential. This is based on live

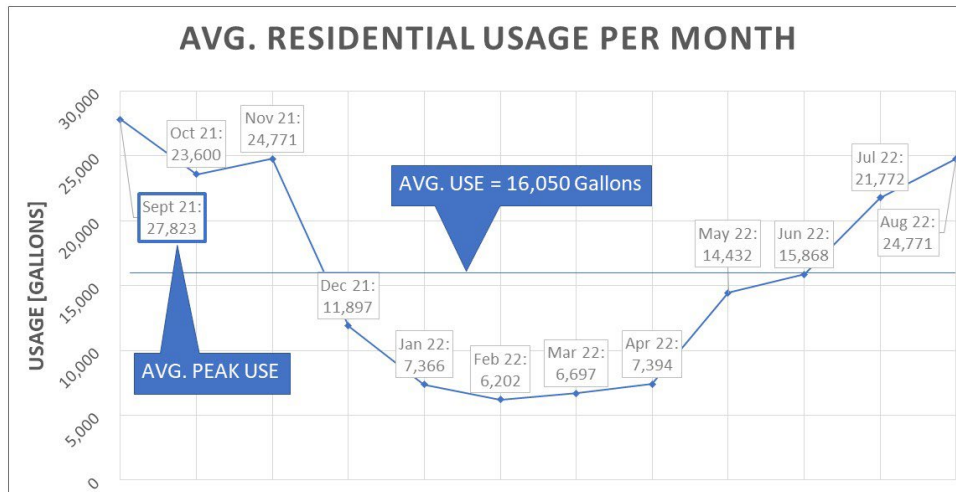
data, September 21st to August 22nd. Another thing to take note as we look at the tiers of usage and things like that, we have to balance it with who is getting affected.

DISCUSSION | **Distribution per Avg. Usage Range [Riley Vane]**



Here's a graph, this is the distribution amount. So how many people? Or how many connections are out there? Are actually using this on an average month? So, what you're seeing across the bottom here, these are the brackets of usage in gallons per month, and then you have, on average, what this account looks like. I thought it very interesting, and you should see this information, you should know what the system is. This does not include the 26th standby connections that have zero usage. That is there in 60 using 0 to 5000 and so forth. This is going to play a role later on, it shows you.

DISCUSSION | **Avg. Residential Usage per Month [Riley Vane]**



And now we look at usage. This is actual data from August 20, 2021, to September 2022. You can see the average residential usage per month is in the vicinity of 16,000. Peak use occurs inside September. We know that going into that, it's just a hard month of the water. And as we are looking at all of this, I just want to show all the background information that has to go into looking at water rates. It's not very cut

and dry. I have to look at usage. You have to look at your different tiers structures, you have to look at your average use. Because you still have to meet all the requirements. So that being said.

DISCUSSION | **Current and Proposed Water Rates [Riley Vane]**

Current and Proposed Water Rates

Current Residential Rates		
Lower Limit	Upper Limit	Cost/1,000
0	20,000	\$40.00
20,001	40,000	\$1.00
40,001	60,000	\$3.00
60,001	80,000	\$5.00
80,001	100,000	\$6.00
100,001	9,999,999	\$7.00

Proposed Residential Rates		
Lower Limit	Upper Limit	Cost/1,000
0	0	\$40.00
1	20,000	\$1.00
20,001	30,000	\$2.50
30,001	45,000	\$4.00
45,001	70,000	\$6.25
70,001	1,000,000	\$9.00

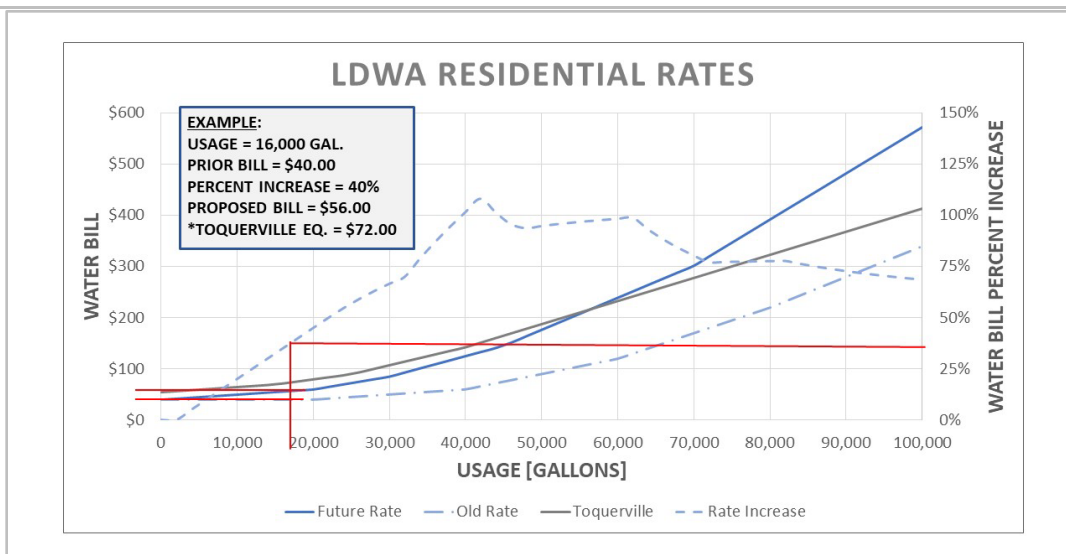
Current Com., Inst., & Ind. Rates		
Lower Limit	Upper Limit	Cost/1,000
0	20,000	\$40.00
20,001	40,000	\$2.00
40,001	60,000	\$4.00
60,001	80,000	\$5.00
80,001	100,000	\$6.00
100,001	9,999,999	\$7.00

Proposed Com., Inst., & Ind. Rates		
Lower Limit	Upper Limit	Cost/1,000
0	0	\$50.00
1	20,000	\$2.25
20,001	30,000	\$3.75
30,001	45,000	\$5.25
45,001	70,000	\$7.50
70,001	1,000,000	\$10.25

This is what Jones & DeMille in working with board members, proposed to do with the water rates. What you're seeing? Is in the upper or in the current rates. You have upper and lower limits, the same thing that you're seeing here. Those tiers have changed to reflect actual usage. One thing also to note is that the fees have also adjusted slightly. So, you have a different tier structure, and you have a different price. So, you have residential, Commercial, institutional, industrial has previously had its own rate. We recommend that's a great way to go and continue to go that don't know as far as the breakout all differently you have residential, and essentially nonresidential is great way to apply them. Some of the things that you will likely notice is: Let's just take a look at this top tier for example, go across there. In the lower limit, being 0 gallons up to 20,000 gallons, you're being charged \$40 straight basic fee. Doesn't matter if you use it or not. That's something that is very similar to what you're seeing here. There's a base fee of \$40, regardless if you use the water or not, there's still have the system, the infrastructure and the operations and maintenance costs to have it there. Moving on, let's look at the next tier, 20,000 to 40,000 yield systems gets moved to zero to 20,000 to reflect that same type of limit. One thing I will note in all of this, I'd say there are two things that are most important as we were looking with the Board of what rates might look like. One is to not un-duly punish the more impoverished or the less demographic social economic demographic in the Leeds area, which is very fair. And that's what you see in every system as they adjust their rates. And that we tried to limit the rates in such a way that it gets balanced out across as many people as possible.

DISCUSSION | **LDWA Residential Rates [Riley Vane]**

So, what I've done is I've taken it and I've charted those existing rates on a line. That's what you're seeing, so with your usage there is a previous dollar amount associated with that. That's what you're seeing in this light blue line. So, we have given you usage and you have a bill that corresponds with that usage. Same thing that you're seeing with the proposed system that is that dark blue line you see right there. So, with those rates that I just showed, this is how it projects across every usage amount that you see. Now, there's a couple other curves on there and I'm going to get to that. Let's look at this example really quick. Remember, our average monthly use for the system was 16,000 gallons, that equates to the prior bill of \$40. What that looks like with the new system. Is increase of 40% and that's where this second line comes in.



I'm going to show you how to do that. So, this light blue line and this dark blue line right here, they match up with this axis right over here. So that's your bill in comparison across all those usage ranges. This other curve you can see those dashed, I mapped out what percent increase would be for that given usage. So, for those 16,000 gallons we're showing about a 40% increase in the water bill. It equates to about \$56. Does anyone know their usage?. "We use about 5000", so at 5000 gallons you're seeing probably an increase of about 12%.

Doris McNally – Which would be about \$5.

Riley Vane – So, you're at \$45 per month. It's sitting so tight down here and that's kind of on purpose. We were trying to really show that at the lower end of the spectrum that people using average or below wouldn't be as effective as those who are using the high.

Doris McNally - And the tiers are also designed to create an incentive to conserve. We want to be able to reward people for conserving. That's the other thing we are talking about, the tools and everything, to try and help save on monies, because water is expensive and if you have better tools to be able to manage what you are using, you can manage your bill to a better place.

Riley Vane - This sets up the mechanism. This is the interesting thing about water rates, you see in most Municipalities they change them on annual or biennial basis, right at about every two years and you're looking at those, because you're always chasing last year's usage. Your only as good as your data, your projected based on that. This sets up the mechanism that you can fine tune in the future based on the usage, on new connections, on all those things that come into play.

Alan Cohn - So, I guess last Bill or last meetings we mentioned the flume device for kind of keeping track of water at home. So, I put one of those on my house. My usage was around 10/12/14 thousand gallons, which I knew it shouldn't of. What the Flume told me was, I had just a little trickle leak in my irrigation system, 2/10 of a gallon per minute. But when you do the math, that's 288 gallons a day, extrapolating after a month, it turns into a lot of water that was just going nowhere. Fixed the leak, and this month I think I'm down 6000 at the most, all in the month. So, anyone who hasn't really investigated that device I highly recommend it, especially you know in light of going for more usage-based system here.

Riley Vane – Thanks Alan, it's a great tool to monitor your usage. One thing that I might show, I showed this to the Board and the first thing they asked was 'who's water rates double'? That is a primary concern for everyone, doubling is scary. So, what I showed them was this chart and what you can see here is 100% of rate increase equates to a doubling of your water, at around the 40,000-gallon mark, that's where it hits that 100% line in fact it crosses over a little bit, up to about 107%. That extends out, we'll just call this 100% for conversation up to about 65,000 gallons. Keep in mind that is about 1300

gallons a day for 30 days. It's a significant amount. So, water rates will not level for anyone using less than 40,000 gallons per month.

Kurt Allen - It's important to note that back on his percentage graph that any 87% of the users are less than 30,000 gallons. There is only about maybe 30 users that are fitting in this category right here,

Riley Vane – Less, I'll show you exactly how many. So, remember the significant range here for doubling rates is 40,000 gallons up to about 65,000 gallons. Let's go back and look at how many connections that actually affects. 40,000 to the 65,000 gallons – 19 connections out of the 358 will see water rates double. I don't want to downplay this for those people that will see doubling rates, but by the indication that they are over three times the average use of water. I think it's a pretty safe assumption in most cases that they can afford that increase.

Kurt Allen - Or you're going to see them starting to conserve and reduce that. It's going to be a driving force for conserving water.

Riley Vane - It's a lot of data. I want to clear up any confusion about this chart. I know it can be a little confusing, but it seems to be the best way to show the whole spectrum of the whole system. Does anyone have any questions about this?

Doris McNally – I think Susan Roberts question was the best, and I appreciate you sharing your water usage number because it helps put things into perspective.

Cynthia Wright – I've been here since 99. We were getting 40,000 gallons a month. And then it changed to 30,000 gallons for the same price, and it changed to where I'm getting 20,000 gallons. I'm seeing this scale and I'm not an engineer or anything like that and really don't even understand it, but it seems like I'm really getting less water, just like he said and paying more. Much more. And I don't use the same every month in the wintertime, you know we're not using the water.

Doris McNally – If you're using under 20,000 gallons last year, during a given month, you get one rate of \$40. So, if you're using 20,000 gallons worth of water currently, you're paying \$40. In the future if you use 10,000 gallons, you're not going to be paying the \$40 you're going to be paying the sliding scale rate Riley has up there, so it's not like you would be limited on water we're just establishing price points in tiers.

Riley Vane - Companies that have to go through this change are understanding of one thing. At one time usage was so high and conservation was so low, they can cover their costs with, just what was described. Conservation in part, small homes, things like that, it's less usage for the same amount of system. We have to recover those costs somehow. To have a system there is a cost to that. You have to base it on usage and typically with a base rate on top of that.

One thing that I guess I also talk about is we talked Janelle Braithwaite with the Rural Water Systems of Utah, who does these for small water companies day in and day out consistently. We asked her point blank. What does this look like? How does this compare to other systems of similar size? *She says this is all? Usually, you have to charge a lot more.* This system, though it's an increase and the effects of the increased costs are hard to bare, but one thing I will point out is just to look at the neighbors. I've got Toquerville's lined up there map as well. Anything below this 55,000 gallon mark is 24% higher from usage. So, even with these proposed rates, if you were to go across to Toquerville and try to use the same amount of water, it's going to be about on average 24% all throughout that curve.

Out of all the funding packages that were submitted that day of August 31st to the Division of Drinking Water Board meeting that were approved. Ours was shown to still have the lowest of all of those companies as a minimum payment, which is reflected here. Just for transparency's sake, we also show you the same type of curve also with commercial and nonresidential.

Don Fawson - Riley before we go on, maybe we can do this. We would just like to take a straw poll right now. Just to get an idea how you feel. Based on all the data right here how many feel you can support this? Majority

Daryl Lewis - Are these prices for the full 40 years of the loan or are they subject to change after a year?

Alan Roberts – Let me through something in there on that. This is based on the usage. Let's say that we all use less. Here's the reality and I would support better conservation. But if we all use less, less money comes in to LDWA, for not only this loan, but also for repairs and maintenance. So you will see a change as years go on there you will see a change in water rates.

Daryl Lewis - You do not understand my question.

Alan Roberts - Yeah, I am understanding.

Daryl Lewis - Let me clarify and let's see. My question revolves around 10,000 gallons for the next 40 years of a resident. Is he going to pay this same rate for the next 40 years?

Riley Vane - No he will not pay that same rate.

Daryl Lewis – So, how long are these rates going to stay in affect, a year, 5 years, 10 years?

Riley Vane - I would recommend because I'm not the deciding factor, as long as they need to. Until usage shows that they can't cover the costs of that previously describe. I don't know of a single utility on Earth where their price stays stagnant for 40 years. You have to look at your usage, infrastructure, and Construction cost.

Daryl Lewis – I wasn't asking and guaranteed 40 year, but you ought to be able to say these rates should stay pretty stable for five or ten years or fifteen years.

Shareholder – It's been stable for the last 10 years with that first loan.

Daryl Lewis - That's part of the reason I'm asking about this loan.

Riley Vane – That's a great point, and the question was raised by the board. With every intention, yes. With as much as we can plan on the future, You bet, yes we're trying to cover for 5 or 10 years.

Daryl Lewis – What is it 5 or 10?

Riley Vane - How do you know?

Don Fawson – I know there are still a lot of questions and things, but what I'd like to do is accept a motion at this point to close the Shareholder portion of this and then we can move on. Can I have a motion to close the Shareholders hearing?

VII

DISCUSSION	Request a Motion to End Shareholder Hearing [Don Fawson]
VOTE	MOTION TO END SHAREHOLDERS HEARING: ALAN COHN SECOND: DORIS MCNALLY MOTION APPROVED: Unanimously

VIII

DISCUSSION	Request a Motion to Adjourn Meeting [Don Fawson]
VOTE	MOTION TO CALL THIS MEETING TO AN END: KURT ALLEN SECOND: ALAN COHN MOTION APPROVED: Unanimously

Don Fawson – Will talk to you individually at this point. Thank You
ADJOURNMENT: [10:03 PM Don Fawson]


Layna Larsen Corporate



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors

Friday, October 21, 2022, 7:00 PM at Town Hall,
located at 218 N. Main Street, Leeds, UT 84746.

1) Call to Order:

- a) Roll Call
- b) Prayer
- c) Pledge of Allegiance

2) Announcements:

- a) Consent Agenda –
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports:

- a) President's Report – [Don Fawson](#)
- b) Operations (Field) Report – [Mark Osmer](#)
- c) Finance Report – [Doris McNally](#)
- d) Administration Report – [Don Fawson](#)
- e) Future Projects - [Kurt Allen](#)

4) Open Shareholders Hearing:

Opportunity for Shareholders to make comments and ask questions.
Shareholder must step to mic & state name.

- a) Close Shareholders Hearing:
- b) Board Discussion and possible action on loan

5) Roll Call Vote to close meeting:



Leeds Domestic Water Users Association (LDWA)
545 N Main St. Unit #7 | PO Box 460627 | Leeds, UT 84746
Phone: (435) 879-0278 | E-Mail: LDWAcorp@infowest.com | Web: ldwacorp.org



Minutes

Date/Time/Location:	October 21, 2022 07:00PM Leeds Town Hall
Type of Meeting:	Board of Directors Meeting
Note Taker:	Layna Larsen
Attendees:	<p>Members/Staff: Don Fawson (P), Kurt Allen (VP), Doris McNally (IT), David Stirling (M), Alan Cohn (M), Mark Osmer (Field Mgr), Layna Larsen (Corp Sec.)</p> <p>Shareholder: Ron Cundick, Susan Savage, Susan Roberts, Daryl Lewis, Ralph & Angela Rohr, Steve & Tina Dyroff, Terry Allen, Brant Jones, Craig Sullivan</p> <p>Special Guest: J&D Engineers – Riley Vane</p>

Agenda Topics

I. CALL TO ORDER [Don Fawson - @ 7:00 PM]

CALL TO ORDER	We would like to welcome everyone out tonight. We will start off with a roll call.
ROLL CALL	Present: Alan Cohn, David Stirling, Don Fawson, Kurt Allen, Doris McNally

II. PRAYER [Susan Savage]

III. PLEDGE [Steve Dyroff]

IV. CONSENT AGENDA, PRIOR MEETING'S MINUTES & POLICY APPROVAL/VOTES [Don Fawson]

DISCUSSION	Consent agenda consist of the acknowledgment the meeting notice was posted. It is also a vote to accept this month's agenda and the previous months minutes.
VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Doris McNally SECOND: Alan Cohn MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE TONIGHT'S AGENDA: Doris McNally SECOND: Alan Cohn MOTION APPROVED: Unanimously

IV. OFFICERS REPORTS [All Members]

a) PRESIDENT'S REPORT [Don Fawson]

DISCUSSION	Information
Don Fawson - I'd like to begin. I had the opportunity yesterday morning to attend a meeting at the Washington County Water Conservancy District put on by the Department of Water Quality, also the Environmental Quality. It was related to Federal regulations on lead and copper rules. The basis of the	




rule is the requirement for all Water Companies to inventory and document the type of material composition of all piping connected to their system. Including not only the piping owned by the water company, but all private lines they serve beyond their meters. All such information must be cataloged by location. And the purpose of this survey is to identify any lead piping as well as any galvanized piping downstream from lead piping that may exist in our system. You know, I didn't even realize that lead piping was a real thing. I've seen it in the clue game, but that's about the only thing I knew about it. But I've talked to Kurt and others since then and it is an actual thing. Anyway, lead composition has been found to have very serious, including debilitating at times lifelong side effects. I think we're all familiar with that. And the end goal will be the ultimate removal and replacement of all lead pipe and downstream galvanized pipe and the reason for that is galvanized pipe will pick up the lead molecules from upstream lead piping which can later be released to the downstream water system. We will be asking for each Shareholder's cooperation to help us identify the types of piping on their property, we don't have to do a survey of where it is or anything. Just need to know what's there as we move forward in this mandatory cataloging. Now, I personally have six different types of piping on my property and that depended on the time of installation. And luckily none of those are led. One of the things that you can do to identify a lead pipe, and this would be in older homes if we had any in this town. And Mark you know we've talked about this, there's none in our system delivering water to anybody's home. But lead is nonmagnetic and softer, scratchable. If it looks like you've got a metal pipe in your house? And it's an older home then you can test it with a magnet or by scratching it to see if it's scratchable.

A few things-that will help us as we go through our meeting tonight. Please silence all of your phones and out of respect for those who came to hear board discussion and not your nonpublic commentary, we wish that there be no side talking, if you need to visit with your neighbor, please step outside. And then no personal attacks, let's please focus on issues. I think most of those things should go without being said- Mark, at this time do you want to give your report on what's been going on the last month?

b) FIELD OPERATION'S REPORT [Don Fawson/Kurt Allen/Mark Osmer]

DISCUSSION	Operations/Field Accomplished past Month [Mark Osmer]
	<p>Mark Osmer - Yeah, we passed our BacT test again this month. We had to rebuild a Clay Valve up at the well because it was leaking, so I rebuilt that, put new parts inside it. We raised the manhole cover on Main Street. I met with Rocky Mountain Power, about the Wellhouse fuse, it did blow again. They're going to come out at the end of this month and put some testing on the lines up by the Well and see what's going on and see where the ones drawing more than the other. They are going to leave it on for two weeks and then they can do an evaluation on it. I replaced the rest of the dual check valves, so we've done our quota for this year in the meters, and then maintained the general running of the system. That is about it.</p>
	<p>Don Fawson - Actually, That's a lot. You know Mark does all day-to-day things to make sure that the system is up and running correctly, and all the PRV's are functioning normal, and so forth, so we appreciate everything he does.</p>

c) OFFICE REPORT [Doris McNally]

DISCUSSION	BILLING [Doris McNally]
<p>Billing for September was completed and mailed on October 1st.</p> <p>On the reverse side of the bill the New Drips Article about the proposed Water System Improvements and how shareholder can view update information on a new section of our website.</p>	
<div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; width: 45%;">  <p>Need to contact the LDWA, it's simple. Phone (435) 879-0278 Please leave a message, your call will be returned promptly.</p> <ul style="list-style-type: none"> • To report an EMERGENCY water leak or a loss of water PRESS 1 • For a BILLING INQUIRY, PRESS 2 • For a GENERAL INQUIRY, PRESS 3 <p>Your message is immediately routed, and a LDWA representative will be in contact.</p> <p>Email LDWAcorp@infowest.com</p> </div> <div style="width: 45%;">  <p>Information Flow LDWA System Project Update</p> <p>To those who attended our last shareholder Regular Meeting & Public Hearing, <i>thank you</i>.</p> <p>To recap some details of the meeting we invite you to visit a new section of our website devoted to updating our shareholders on these projects. The purpose of this page is to provide information about current Leeds Domestic Waterusers (LDWA) projects, explain their need, benefits and inform the community about potential impacts during construction.</p> <p>To view this new page either scan this QR code or type the below URL address into your internet browser.</p> <p>URL: rb.gy/djsxxy</p>  <p>SCAN ME</p> </div> </div>	

DISCUSSION	PAYCLIX [Doris McNally]																																																																																			
<p>It came to our attention that the September payment for those who enrolled in Autopay, did not occur until October 3. PayClix's had a service interruption due to the Ivan Hurricane on the East Coast. We informed all who were involved and told them that any late fees they saw on their bill were being reversed. PayClix has reimbursed us for the late fees caused due to this service interruption. In September we had 39 shareholders pay their bills using this payment option. The total amount collected was \$2,551.48 With 49% paid (credit cards) & 51% (echecks).</p>																																																																																				
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DISCUSSION	PROFIT & LOSS [Doris McNally]
<p>Septembers Total Net Ordinary Income was \$19,849.06</p> <p>There are 4 Mayor categories for Expenses:</p> <ol style="list-style-type: none"> 1) <u>Ordinary Admin Operating Expenses: \$1,489.49</u> This category YTD represents 8.9% of our expenses. 2) <u>Ordinary Professional Operating Expenses: \$478.00</u> This category YTD represents 6.1% of our expenses. 3) <u>Ordinary Field Operating Expenses: \$6,826.08</u> This category YTD represents 43.6% of our expenses. 4) <u>Ordinary Operating Payroll & Taxes: \$7,362.76</u> This category YTD represents 41.3% of our expenses. 	

DISCUSSION	BANKING ACCOUNTS [Doris McNally] (as of 09/08/2022)										
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DISCUSSION	INSURANCE CLAIM # 60004450510 HYDRANT DAMAGE [Doris McNally]
<p>Incident Date 08/10/2022, Claim Files 08/10/2022 AMT \$10,960.56. Rep: Reilly Damm. Claim still open. We have been informed there would be a portion of non-recoverable depreciation applied, in this case, 10%. We are awaiting final determination at moment.</p>	

DISCUSSION	SHERIFF'S INCIDENT :: Theft of Utility [Doris McNally]
<p>On October 5th we reported a Theft of Water Service to the Washington County Sheriff's Dept. A water tank owned by Zion Mountain Construction was seen & photographed taking water from a LDWA Hydrant situated up near 1901 Silver Reed Drive. Mark confronted driver of truck got details and we reported the incident to the authorities.</p> <p>Theft of water is a crime under UTAH CODE 76-6-409.3 :: Theft of Utility There are hefty fines associated with this. The sheriff's issued an incident report #. We are in the process of formally communicating all fines & expenses with Zion Mountain Construction.</p>	

d) ADMINISTRATION REPORT [Don Fawson, Kurt Allen]

DISCUSSION	WINTERIZING [Don Fawson]
<p>Just a reminder at this point, it is turning cold this next week. I think at least one of those days, the low was going to be down in the 30's so, it's time to take care of winterizing any piping or whatever you have that may be exposed to freezing. We also have been working for the past couple of months on working with properties where there was a high potential for backflows and having them install RP's which they have done. They've been very cooperative, and we appreciate that. At this time I'm going to turn some time over to Kurt to go over some of the projects</p>	

DISCUSSION	FUNDING FOR INFRASTRUCTURE UPGRADES [Kurt Allen]
<p>Hello everyone, it's great to be here tonight. As you know, there's a lot going on with the projects. We've been working for several months now bringing things together and let me just give you a little update on where we're at on things.</p>	

DISCUSSION	WEST SIDE MAIN STREET PIPELINE W/ WCWCD [Kurt Allen]
<p>Let's talk about the West side of the Main Street line that's being proposed to go in with the Conservancy District's 24-inch line. On Monday, the 24th, the materials bid will be received from all the suppliers that are going to participate in that bid. There's been three suppliers' pickup plans and show interest in the bids. That's Ferguson supply, Mountain-land supply, and Scholzens. So, we're expecting some good pricing back on materials. The pricing on the bids includes all of the 24-inch line that the Conservancy District is proposing plus the nearly 6000 feet of LDWA 10-inch line that is going to parallel to the 24-inch line. Along with all of the fittings, valves, and all the pertinences that go along with the installation of the pipeline. That's happening on Monday. Once the Conservancy District gets that quote back from the suppliers, then we have scheduled a meeting with the Conservancy District on Wednesday to meet with them and discuss cost. Because at that point, that answers a big cost question of how much the materials are going to be. And then the only variable question after that is how much is the installation going to be, and we've got enough experience throughout the Washington County Conservancy, throughout the Board, and the engineers that we can estimate what the installation cost is going to be plus or minus. And then we can have a real serious discussion of how we're going to divide up these costs. This is of course a cost share effort, it's a partnering effort with the Conservancy District. And we went into that early on with that in mind. It never has been a 50/50 discussion.</p> <p>It's always been something that we've always understood that the Conservancy District is going to carry their fair share of the load and they're fulfilling their end of the agreement so far by buying all of the materials, storing all of the materials, and funding all of the materials until the time that we have our</p>	

funding in place and the projects being done and installed and we can pay for those materials. So, they're starting out right off the bat, fulfilling their end of the obligation by carrying this on those materials. Which is a lot of money.

So, our discussion next week is going to be digging into how we share the installation and the improvements of the street backfilling, hard surface improvements, concrete, asphalt, etc. It's our intent to approach the Conservancy District about the taxes that you as the citizens have been paying into the Conservancy District and we're going to have that discussion with them because there's a solid dollar amount associated with those taxes. And we intend on looking out for your best interest in that discussion and bringing that dollar amount to the table and with the things that Conservancy District are doing, we feel like we're going to be able to come out of there with a real fair and equitable agreement in the partnering effort with the Conservancy District. And it is going to be very beneficial to LDWA.

We'll have Shareholder comment hearing a little bit later and if you have some questions on that, I'll welcome any questions that you have. Hopefully we will have some answers, but you know this is a very professional and intentional process that we're going through with the Conservancy District, and it's been discussed from day one with them starting with Zach Remstrom and his office about this cost share and the beneficial way that they approach it with LDWA.

DISCUSSION | **WELL PROCESS** [Kurt Allen]

Kurt Allen - The process for preparing to drill the Well is in process. John Files has located three sites for a potential Well. The first site is near the existing well that we have currently. And in order to decide if that site is viable and if we want to drill a new well there. John has recommended that we test pump the existing well to see what the aquifer would support. And see if the aquifer has the ability to; #1: Put a larger pump and motor on our existing well to get more gallons per minute out of it and #2: Drill a new well within the same vicinity, basically putting another straw in the aquifer to draw a second well out of there. Right now, our aquifer has a drawdown of only four feet which indicates that it's a strong aquifer and that it could support at least more gallons per minute being drawn out of our existing Well. And we're hoping that it would support a second Well there as well. So, there's two other sites that have been chosen further West and North of the existing Well. Basically, further up towards the Canyon. And so, depending on how this first site pans out during the test pumping, then we'll look at those other sites and see what we can do there under the direction of our hydrogeologist that's going to be in charge and make those final decisions.

DISCUSSION | **THE SPRING TRANSMISSION LINE** [Kurt Allen – Riley Vane]

Kurt Allen - The other projects: The Spring transmission line. That transmission line is under design right now, Jones and DeMille are in the process of getting permits from the US Forest Service and running capacity studies on the flows, the spring capacity, the amount of water that we need to carry down out of the Canyon and they're doing the design and those calculations now and I would dare say it's maybe 20% complete. Riley, would you?

Riley Vane - permitting, definitely will take a while.

Kurt Allen - It's probably going to take a year.

Riley Vane - It's probably into the spring for the permitting process. We have a meeting with the Division of Drinking Water to discuss that - How long is this going to take? It is Scheduled for next week.

Kurt Allen - Jones and DeMille has a dedicated person in their company that does nothing but right away and permits acquisitions, they're very good at it. I've been working with them a little bit on the BLM permitting for the Well site and they are very sharp. We appreciate that valuable experience coming from Jones and DeMille.

DISCUSSION	EAST SIDE OF MAIN STREET [Kurt Allen]
<p>Then the other piece of the project puzzle is the pipeline on the east side of Main Street. And as we have said all along that this pipeline is something that we would like to include in the projects if there's money available and that's the project that is going to be the contingency of having money or not having money. If we have enough money to do half of that then we would proceed and do the design and make that happen and likely remove the installation of half of that line. If we can do the whole thing and the bids come in satisfactory and we can make the dollar stretch we'll replace the entire line all the way down and that would be wonderful if we could do that and get that 6-inch line out of our system and give us more capacity. So that's an overview of the projects. I'd like to turn some time over to Riley now to probably reiterate a lot of the things that he's already presented but we would like to present them again in an effort to open up any thought processes or questions because we want to be able to answer those questions if there's something that's on the table.</p>	

DISCUSSION	CHLORINATOR [Kurt Allen]
<p>Kurt Allen – Don just brought to my attention the chlorination facility and I apologize, That's basically another project. We will be installing a chlorination facility and it's under design by the engineers right now and going to be part of the project. I want to mention that as we get into the Well project we're also going to be looking at a backup generator for the Well and incidentals, miscellaneous things, like that that go along with the projects.</p> <p>Alan Cohn - I just want to confirm that the Chlorinator's a requirement, right? I mean that's not just nice to have.</p> <p>Kurt Allen - Yes, it is. But for some reason we've failed to have that as part of our discussion sometimes and thanks Alan, it is a requirement that we get the Chlorinator installed.</p> <p>Don Fawson - Just want to mention the Chlorination. That is, we have been putting chlorine in the water system in a rudimentary fashion. It's kind of a homemade thing, it's allowed us to pass our BacT test and those kinds of things, but it does not meet State standards. So, as part of the loan and grant portion of this we're required to bring our system up to standard and so the chlorinator becomes part of that. Riley, you're on.</p>	

DISCUSSION	FUNDING PACKAGE [Riley Vane]
<p>Riley Vane - Thank you. I guess if it's alright with you, can I see a show of hands who wasn't here last month? Was everyone here last month? So, I just don't want to waste our time and repeat the same information. So if it's alright with the Board I'll just kind of breeze through this quickly.</p> <p>Kurt Allen - Is that OK with everybody to just kind of have an overview? OK.</p> <p>Alan Cohn – If you have a question, you can save it for the end and Riley can address it.</p>	

Funding Package

- Utah Division of Drinking Water, State Revolving Fund (SRF)
 - **LDWA board was presented the project scopes and costs in July & August board meetings.**
 - A loan of \$7,519,500 with \$3,499,500 in principal forgiveness (i.e. GRANT) for a repayable loan amount of \$4,020,000 at 0% for 40 years.
 - **DDW reviewed and formally approved the application on 8/31/2022.**
 - An additional **\$273,000** has since been petitioned to be included in the loan repayable amount to pay off the remaining balance of the 2012 loan. DDW staff will recommend the inclusion at the November 2022 DDW board meeting.
 - Interest accrual will be at the new **0.0% rate**, rather than the previous **3.6% rate**, saving LDWA over **\$33,000**.

Riley Vane - The funding package, I kind of described what the funding package looks like. Last month it came to the tune of about seven and a half million before this was adjusted to pay the balance off from the outstanding. That was increased by 273,000. Essentially 3.5 million of this is going to be loan forgiveness immediately with the remaining 4,293,000 to be financed at 0% for four years. This produces a savings of \$45,000 by paying off the original loan.

Project Elements

- Initial Project Cost - \$7,524,500
 - New Well – Est. Cost - \$1,316,000
 - Spring Transmission Line Replacement – Est. Cost - \$2,794,000
 - Altitude Control Valve– Est. Cost - \$62,500
 - Distribution Line Replacement (East Side Only) – Est. Cost - \$1,210,000
 - Distribution Line Replacement (West Side Only) – Est. Cost - \$1,195,000
 - Engineering, Legal, and Professional Services - \$946,000
- Revised Total Cost - \$7,797,500
 - Includes Outstanding Loan Principal - \$273,000

Riley Vane - Some of the initial projects as we were presented then, this is what we estimated that cost to be. As far as the new Well, Spring Transmission line, Valving, I would say one thing I think I neglected to say last time was this \$62,000 for the altitude control valve that actually included the Chlorinator.

Kurt Allen - We should retitle that as chlorinator.

Riley Vane - That is part of what we're doing right now in the design process is fine tuning those numbers. This was an estimate to get the funding started but now that we can actually quantify, this is how many linear feet of pipe, this is the size of the pump; this is where we get the details, these numbers are, and they will be adjusted. So, the distribution lines you can see the construction design costs off here. Engineering and legal services. This is what that funding packaging entails. Going through the planning, I had a binder here.

Tina Dyroff - I'm sorry. Can I ask a question on the lines?

Riley Vane - Are we doing questions?

Kurt Allen - Yeah, sure. Go ahead.

Tina Dyroff - Can you go back to the other slide? So, which part of those lines is Washington County (WCWCD) going to help or split the cost of, East side or the West Side?

Kurt Allen - West Side

Tina Dyroff - Is that what LDWA is expecting to have to pay or will those numbers be less than if LDWA puts their own lines in?

Kurt Allen - We believe those numbers will be less. That's what we're estimating that our cost for that project would be so this would be our total cost of that project and if the Conservancy District will share some of this cost.

Tina Dyroff - The \$1.1 million

Kurt Allen - The \$1.195 million, yes.

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Tina Dyroff - The \$1.1 million

Kurt Allen - The \$1.195 million, yes.

Tina Dyroff - So that should be a lot less?

Kurt Allen - That should be a worst-case scenario with them not participating in anything then this would be our cost to that project.

Tina Dyroff - So I was kind of confused with the cost being so close together with Washington County feeding in on part of that

Kurt Allen - Well, what's helping that cost to stay down as low as it is, is them carrying the materials for us and purchasing these materials on a large bulk basis and getting good prices on it. That's becoming a real advantage to us, especially with getting materials for starters, and the price of materials going up the way they are. Teaming up with them (WCWCD) to buy our materials at the same time they buy theirs is a huge advantage.

Tina Dyroff - Is there any way LDWA can piggyback off of that for the east side, buying those pipes and stuff.

Kurt Allen - No, it would just become too convoluted, Tina, and be asking too much.

Riley Vane - And if you recall that the east side is where we're scaling. We might not want to do that project because we might not have enough budget for it. So, there's a reason to not include the pricing. We discussed that question as a Board, and as we discussed it wasn't going to be the best option

Tina Dyroff - The number, 1.2 million can be removed or whatever out of that, if the budget doesn't allow that amount or is that a set amount to go towards that project?

Riley Vane - It will be scaled; all these other projects will have to be finished or bid and we have concrete cost of what the other projects are going to be before that bid package goes on and moves forward.

Alan Cohn - I just want to say something really quick. So, I've had several people come up to me saying well, you know why you don't just take the three and a half million free and run with that. The way I understand it is we have to spend the money to get the money and we're spending the loan first prior to getting the grant or loan forgiveness.

Riley Vane - Yes, as part of these funding packages, the DDW expects is that you will be financed with your loan amount first. After that, the loan forgiveness kicks in. This is not a la carte; you don't get to take the three and half million and run.

Riley Vane --This is what we estimated the cost of the some of the initial projects to be. As far as the new Well, Spring Transmission line, Valving, I would say one thing, I think I neglected to say last time, was this \$62,000 for the altitude control valve that actually included the Chlorinator.

Kurt Allen - We should retitle that as chlorinator.

Riley Vane - That is part of what we're doing right now in the design process is fine tuning those numbers. This was an estimate to get the funding started but now that we can actually quantify, this is how many linear feet of pipe, this is the size of the pump; this is where we get the details, these numbers are, and they will be adjusted. So, the distribution lines you can see the construction design costs off here. Engineering and legal services. This is what that funding packaging entails. Going through the planning, I had a binder here.

Tina Dyroff - I'm sorry. Can I ask a question on the lines?

Riley Vane - Are we doing questions?

Kurt Allen - Yeah, sure. Go ahead.

Tina Dyroff - Can you go back to the other slide? So which part of those lines is Washington County (WCWCD) going to help or split the cost of, East side or the West Side?

Kurt Allen - West Side

Tina Dyroff - Is that what LDWA is expecting to have to pay or will those numbers be less than if LDWA puts their own lines in.

Kurt Allen - We believe those numbers will be less that's what we're estimating that our cost for that project would be so this would be our total cost of that project and then the Conservancy District will share some of this cost.

Tina Dyroff - The \$1.1 million?

Kurt Allen - The \$1.195 million, yes.

Tina Dyroff - So that should be a lot less?

Kurt Allen - That should be a worst-case scenario with them not participating in anything this would be our cost to that project.

Tina Dyroff - So I was kind of confused with the cost being so close together with Washington County (WCWCD) feeding in on part of that

Kurt Allen - Well, what's helping that to stay down as low as it is, is them carrying the materials for us and purchasing these materials on a large bulk basis and getting good prices on it. That's becoming a real advantage to us, especially with getting materials for starters, and the price of materials going up the way they are, teaming up with them to buy our materials at the same time they buy theirs is a huge advantage.

Tina Dyroff - Is there any way LDWA can piggyback off that for the east side, buying those pipes and stuff.

Kurt Allen - No, it would just become too convoluted, Tina, and be asking too much.

Riley Vane - And if you recall that the east side is where we're scaling. We might not want to do that project because we might not have enough budget left for it. So, there's a reason to not include the pricing. We discussed that question as a Board, and we decided it wasn't going to be the best option.

Tina Dyroff - The number \$1.2 million can be removed or whatever out of that, if the budget doesn't allow that amount to go in or is that a set amount to go towards that project.

Riley Vane - It will be scaled; all these other projects will have to be finished or bid and we have concrete costs of what the other projects are going to be before we bid that package.

Alan Cohn - I just want to say something really quick. So, I've had several people come up to me saying well, you know why you don't just take the three and a half million free and run with that. The way I understand it is we must spend the loan money to get the grant money.

Riley Vane - yeah, as part of these funding packages, the DDW expects that you will be financed with your loan amount first. After that, the loan forgiveness kicks in. This is not a carte; you don't get to take the three and half million and run.

Don Fawson - Since we kind of opened this up for discussion, let's go ahead and move to the shareholders hearing and then have you continue on with this. So, it is officially open that way.

VOTE	<p>MOTION: THAT WE OPEN THE MEETING TO SHAREHOLDERS HEARING DISCUSSION</p> <p>MEETING: Kurt Allen SECOND: Alan Cohn</p> <p>MOTION APPROVED: Unanimously</p>
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V. SHAREHOLDERS HEARING DISCUSSION [All Members]

DISCUSSION	DISCUSSION [Don Fawson]
	<p><u>Don Fawson</u> – Ok we can continue. One thing I did want to mention. And that is even with Riley's being up here presenting right now. If in fact you would like to participate, we need you to come to the mic. The reason for that is so that we can get it on the record. So, please come to the microphone, State your name, and Speak loudly. -We will call on people to come up based on the fact that we want everybody to participate before we have somebody come up a second time.</p> <p><u>Steve Dyroff</u> – I wasn't going to ask this until this came back up, Riley. Can you differentiate between an altitude control valve and a chlorinator? Are they the same thing? An altitude control valve tells me there's something barometric involved. Why is that in there instead of Chlorinator?</p> <p><u>Riley Vane</u> - I'll explain. There's a lot going on. You have to break pricing up in different groups and you kind of do that with the intention of, OK, how are you going to bid this project out. We know that the Well drilling is going to be bid by itself because it has to be qualified by stringent rules on what qualifications that contractor has, experience wise and certification wise, for obvious reasons we don't have to get into. The altitude control valve and some of the other valving and chlorinator facilities that go around there, were lumped in together because those things are beyond the Well drillers scope of work. An Altitude Control Valve to is a valve that you can set to a given pressure. The reason that you want to do that is that it kicks open at a given pressure. Currently the Spring and Well fill up the tanks. Correct me if I'm wrong. They fill all the tanks in the sequence, the lowest all the way up to the top. After that, once that top tank is full, it just starts shooting water off into Grapevine Wash. The problem with that is the source of that water is coming from Leeds Creek and the Spring and it needs to be pushed back into that drainage. So, what this Altitude Control Valve-is set to a given pressure within a foot or two of the top of that tank. When all of these tanks are full and we're still receiving water from the Spring, it's going to push excess water back into the drainage of Leeds Creek, which then goes into its normal flow paths into the Irrigation Water Company's,-head structure. So, the intent here is to just make sure that we're putting the water that we're not using back into the drainage where it comes from and not waste it.</p> <p><u>Steve Dyroff</u> – Ok, So, how does the Chlorinator get lumped into that, it seems to me like two different costs. If the Altitude Control Valve is not a Chlorinator it looks to me, two things should be up there with separate cost for each one, so did that \$62,500 actually get jacked up and are there any other entities involved in an Altitude Control Valve besides the Chlorinator, are there two or three other devices that could Jack that price up that we don't know about?</p> <p><u>Kurt Allen</u> - Let me answer some of that Riley, these prices are totally variable right now, some are going to go up and then some are going to decrease and until we actually get our bids in and have our materials bought, we don't know what these prices are going to be and so yes that Altitude Control Valve serves a lot of purposes to divert water to where we want it to go. And yes, there are other items involved and the Chlorinator is one thing that does have to be done and maybe the Chlorinator will become \$62,000 and the Altitude Control Valve another \$30,000. We don't know, we'll just have to see. But as we go through this funding package with the Division of Drinking Water, we've got to assign an estimated cost to these.</p> <p><u>Don Fawson</u> – Addressing audience. Can I ask you please to not be side-talking, I appreciate that very much. Thank you.</p>

Kurt Allen - It's a requirement as we go through the Division of Drinking Water Funding process that we have to assign dollars to these and estimated dollars and that's all they are, they're estimated dollars and yes, they could vary, they could go up and down. They could change. We could call them different things at the end of the day when we close on the documents and finalize this funding with the Division of Drinking Water-- At that point we will have a solid outline of what the projects are.

Don Fawson - Answer me this question Riley. It's my understanding that within this total of \$7,500,000 that there's going to be some shifting of funds based on what these cost estimates are in actuality. So, we may be taking, for instance, the money from the East side and putting it into the West side. We may be taking money from the West side and putting it back up into the Well or whatever. There's some shifting ~~to~~ that will be going on so these are just estimates of the cost of these projects.

Riley Vane – Definitely, that is the case. When you submit a funding package, they're asking for a very, very high-level view of your scope. They know that these projects are going to change. So, yes, is infrastructure going to be taken away and added to fit the project and the needs of LDWA? You bet, there will be some moving, combining projects, moving projects around, whatever makes the most sense for what we're trying to accomplish with that bid package. Some of that has to do with timing. Last time I talked about how the Well is the number one priority. However, we're not going to be digging into the Transmission Line while the Wells offline. Why would you risk two sources like that? So, drill the well, make sure that it's running and operating and performing as needed with no detrimental impacts to the existing Well, and then come back and dig the transmission line the next year. So yes, there will be some moving around, seasonal things, the market, availability of supplies, all of that's going to kind of change things around. Does that help answer your question?

Project Planning: New Well

- Per ProValue Engineering, Inc., “It is recommended that a new well location and well in the amount of 450 to 500 gallons per minute be secured, drilled, and developed”.
-
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2021, page 12, IV Water System Recommendations, B. Water Source*
- *Leeds Domestic Water Users Association “LDWA” Water Impact Fee Facility Plan & Analysis 2017, page 13, V. Water System Recommendations, B. Water Source*
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2015, page 11, IV. Water System Recommendations, B. Water Source*
- Per Sunrise Engineering, “The projected source capacity yields a deficit of 691-gpm at the end of the planning period (2027)”.
-
- *Leeds Domestic Water Users Association Culinary Water Master Plan 2007, page 10, D. Recommended Water Source Capacity Improvements*

Riley Vane – Moving on, if there's nothing else. One thing I did talk about was the planning effort. I had a binder here last month to show you I have 20 years of planning for these projects from three different engineering firms and several different Boards. I'm not going to cite all of them, but you know, starting back in your records, and I think there's even records that LDWA has that go back even further, starting back in 2007, but once again in 2015, 2017 in 2021 talks about the need for a new well and it even quantifies what that need is going to be right here, 691 gallons per minute. We did our independent study and we found that to be needed. There's a deficit of 700 gallons per minute. So that is the target flow rate for the well.

Project Planning: Aging Main

- Per ProValue Engineering, Inc., “Replace any 6” bottleneck water lines or dead-end water lines throughout the downtown area with 8” water lines”. “Replace the old existing PRV stations”.
-
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2021, page 12, IV Water System Recommendations, D. Water Distribution, 1. Improvements Needed, bullet ‘1’*
- *Leeds Domestic Water Users Association “LDWA” Water Impact Fee Facility Plan & Analysis 2017, page 13, V. Water System Recommendations, D. Water Distribution, 1. Improvements Needed, bullet ‘1’*
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2015, page 11, IV Water System Recommendations, D. Water Distribution, 1. Improvements Needed, bullet ‘1’*
-
- Per Sunrise Engineering, “Replace waterline on Main Street from Silver Reef Road to the end of the line on the south with 10” waterline”.
-
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2007, page 17, C. Recommended Distribution System Improvements, bullet ‘4’*

Riley Vane – Now, back to the aging Main Street water line once again. The planning goes back to 2007 with Sunrise Engineering and then 2015, 2017 and 2021 with Pro Value Engineering, talking about replacing the six-inch bottlenecks with 10 inch water lines.

Project Planning: Fire Suppression

- Per ProValue Engineering, Inc., “LDWA needs pipeline replacements to replace pipelines that are regularly being repaired or that lack the capacity to create the recommended fire flows”.
-
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2021, page 12, IV Water System Recommendations, D. Water Distribution, 1. Improvements Needed*
- *Leeds Domestic Water Users Association “LDWA” Water Impact Fee Facility Plan & Analysis 2017, page 13, V. Water System Recommendations, D. Water Distribution, 1. Improvements Needed*
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2015, page 11, IV Water System Recommendations, D. Water Distribution, 1. Improvements Needed*
-
- Per Sunrise Engineering, “Replace 6” and 8” waterline on Main Street... There are at least 2 connections that need to be made between the waterlines running down Main Street.”
-
- *Leeds Domestic Water Users Association Culinary Water Capacity Analysis 2007, page 17, C. Recommended Distribution System Improvements, bullet ‘3’*

Riley Vane - Fire suppression. The same thing 2007, 2015, 2017, 2021 LDWA needs pipeline replacements to replace pipelines that are regularly being repaired or lack the capacity to create the recommended fire flows. We ran a model and explained what that was. It tells you if you meet the state criteria for pressures. And critical infrastructure, including this building that we're standing in was found insufficient.

There's not enough fire flow to the nearest hydrate to put out a fire here per the International Fire Code adopted in Utah. Same thing for the church and for the commercial sites up at the East end of Town.

JDE Analysis: Oak Grove Transmission Line

- Current Pipe Conditions
 - 68 years old
 - Steel pipe, unlined
 - Exposed on surface
 - Repairs have been made and upsized near tank (high pressure zone)
 - Susceptible to catastrophe.
 - Causing water to back up in the elevation boxes
- Opportunity
 - "Unprecedented" funding, not likely for a private company again
 - Unknown future permitting efforts (compare to 10-years prior)
 - DDW funding package designed to be comprehensive.

Riley Vane - The Oak Grove Transmission Line. We did our own independent analysis of this and found that current pipe conditions are 69-year-old steel pipeline, close to the surface. It's already been repaired in a few different locations and it's causing water to back up. It's too small to be able to handle all the water from the Spring. It's forcing the water to build up pressure in order to push that water through. We decided that it was critical to safeguard LDWA infrastructure and the Spring, to replace the Spring transmission line. One thing that I do want to note is that the opportunity has been provided. We heard this several times from our meeting with the Division of Drinking Water Board that this funding package is really unprecedented. They haven't seen anything like this for a private water company and they have no reason to see this happening again in the near future. They want you to take a step back, look at your system as a whole, identify these critical deficiencies like source water, and Fire Protection, and focus your improvements on those. That is the instruction the LDWA Board gave us.

In summary conclusion, you have already heard our summary. Are there any questions about the kind of planning efforts that we've had? Since this is open to discussion, if it's alright with the Board, I'll move on to discuss the water rates that we looked at.

Don Fawson – OK

Kurt Allen – Let's do it.

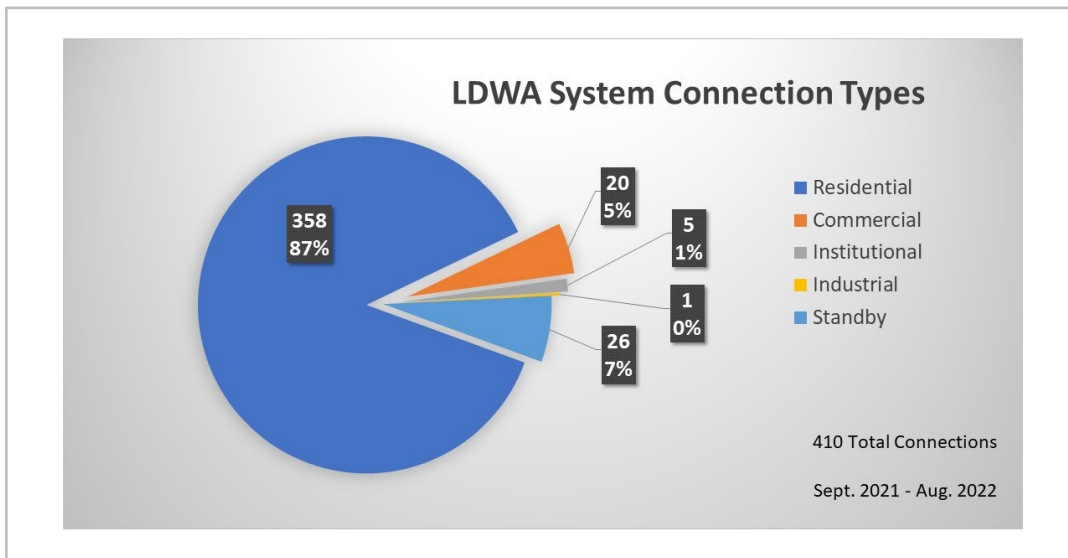
DISCUSSION

SCHEDULE ADJUSTMENT & CALCULATING [Riley Vane]

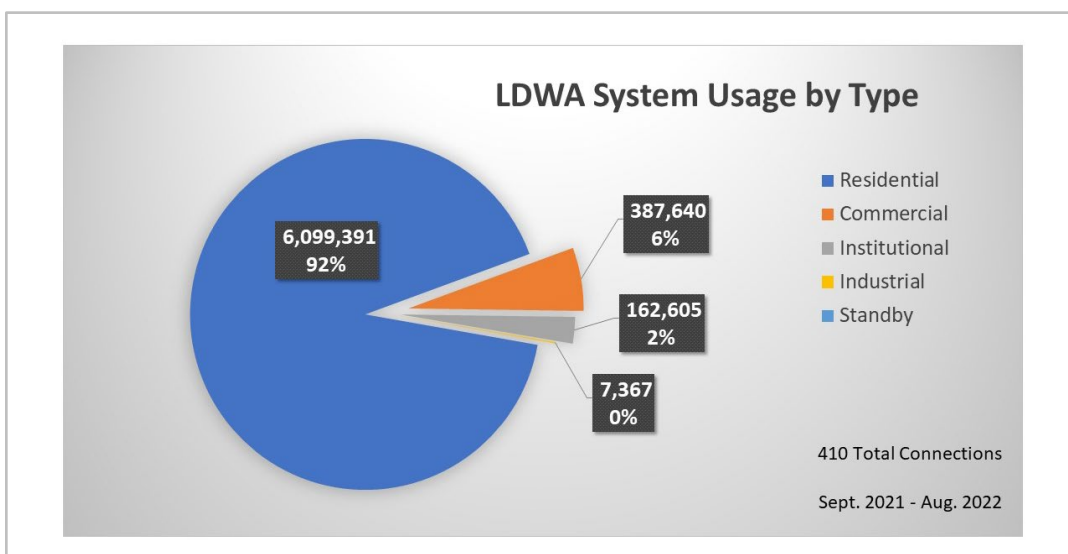
Riley Vane – A little background on the water rates and what triggered this discussion. One thing that we were focused on was the operations and maintenance costs, as we were going through the funding package. The DDW does require you to produce your financials and show that you are a system that is taking care of its needs, paying the full-time employees, and you're saving the requisite amount of money for your capital improvement. One thing that we noticed is was that the water rates have gone unchanged for 10 years while the operations and maintenance costs have not. In fact, the aging infrastructure accelerates those costs and increases them. What we showed is that the current inflation and just the current status of future owner costs will continue to be a challenge as you go into the future. So, the funding package at 47% grant will require the LWDA to cover the remaining 53% over the 40 years. One of the requirements as part of that funding package is to maintain a debt service reserve and a

Capital Facilities reserve fund. Those are things that are already ~~been~~ happening with the old loan. This will just be carried over.

So, our approach, when looking at water rates has actually been an ongoing discussion with the LDWA Board, and Janelle Braithwaite. She's a management technician from Rural Water Association. She does this all the time for all the counties in Utah, private, public, it doesn't matter, she's very thorough, very good at her job. So, we consulted Janelle about how to best set water rates. The Board has been doing water rate analysis for a long time, racking up several 100 hours' worth of research and analysis. So how were our rates analyzed. What we had to do was look at customer usage. We looked at the past year to get the most recent data, looked at the LDWA budget and the inflation concerns and then looked at the Division of Drinking Water package repayments and requirements, I just barely talked about those. Then, as a kind of a third order analysis, we looked at surrounding areas, saw what their rates were to make sure that we were being fair-based on the level of service that was provided to LDWA Shareholders.

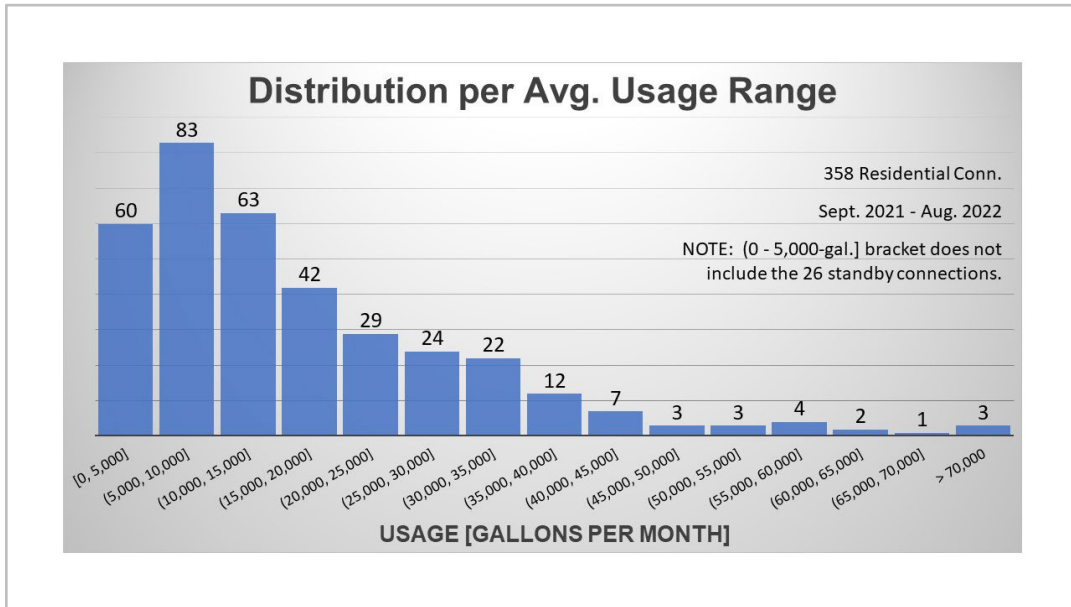


Riley Vane - As a quick breakdown here are some interesting things to point out, there are 410 total connections, 358 of those are residential and there's a few minor connections in commercial, institutional, industrial and some standby connections that aren't being used.



Riley Vane - If you look at usage, usage shows a similar breakdown of percent, 410 connections again. I guess I didn't show how much total usage in that September 21st to August of 2022, but 92% of that use was in the residential sector. All that indicates that the cost will have to be shared by all. There's no way

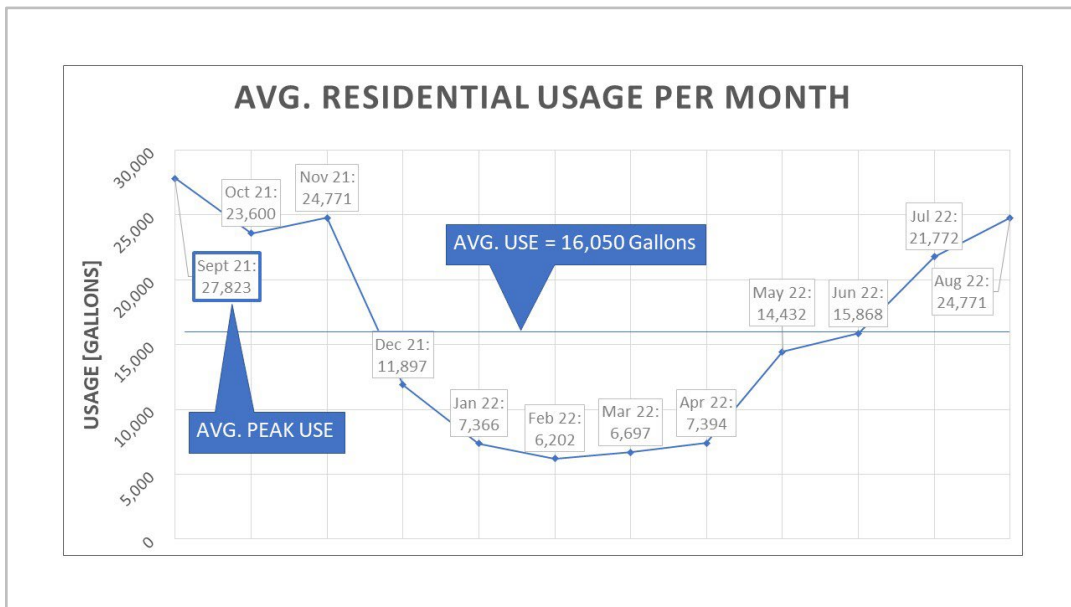
you can say commercial establishments are responsible for all a majority of the water use. So we will need to increase only the commercial rates. You have to look at the system as a whole.



Riley Vane - This is actually a really interesting bracket. What you can see here is another breakdown over the same period of the 358 residential connections. This is a breakdown of usage for average number of gallons per month and how many shareholders fall in each bracket. And I will say this excludes the 26 standby connections. So, from zero to 5000, there were 60 shareholders, 5000 to 10,000 there were 83 shareholders. These are things that we have to look at as we're coming up with a fair water schedule.

Doris McNally – Riley, just for clarification, this is just the residential information; it doesn't include commercial, institutional, industrial, and I think that's what you were meaning to say.

Riley Vane - Yes, correct. Thank you. This is just for residential connections and these slides really focus on the residential because you just saw that's where the bulk of the users are, and the usage is.



So, you can see total system usage for the given year from September to August. You can also see that this is average residential usage per month. You can see how this usage oscillates throughout the year,

the highest being in September at about 27,000 gallons dropping down to its lowest in February around 6000 gallons. So there is quite a bit of variability in use and so that is a further complication in making sure that your rates will cover you throughout the year?

Current and Proposed Water Rates

Current Residential Rates		
Lower Limit	Upper Limit	Cost/1,000
0	20,000	\$40.00
20,001	40,000	\$1.00
40,001	60,000	\$3.00
60,001	80,000	\$5.00
80,001	100,000	\$6.00
100,001	9,999,999	\$7.00

Proposed Residential Rates		
Lower Limit	Upper Limit	Cost/1,000
0	0	\$40.00
1	20,000	\$1.00
20,001	30,000	\$2.50
30,001	45,000	\$4.00
45,001	70,000	\$6.25
70,001	1,000,000	\$9.00

Current Com., Inst., & Ind. Rates		
Lower Limit	Upper Limit	Cost/1,000
0	20,000	\$40.00
20,001	40,000	\$2.00
40,001	60,000	\$4.00
60,001	80,000	\$5.00
80,001	100,000	\$6.00
100,001	9,999,999	\$7.00

Proposed Com., Inst., & Ind. Rates		
Lower Limit	Upper Limit	Cost/1,000
0	0	\$50.00
1	20,000	\$2.25
20,001	30,000	\$3.75
30,001	45,000	\$5.25
45,001	70,000	\$7.50
70,001	1,000,000	\$10.25

Riley Vane - So, with this was the need of setting water rates to meet current and proposed water rates obligations. Here's a side to side of current residential rates and proposed residential rates; Current commercial, institutional, industrial rates and proposed commercial, institutional, industrial rates. One thing that we really tried to do and the LDWA Board encouraged us to look at, is maintaining the brackets as similar as possible and not unfairly increase the average water bill of the disadvantaged. If you're not using a whole lot of water you will pay less than larger users. So, what you can see here is the current 0 to 20,000 gallons. Right now you pay \$40 a month for that use. Over on the right there's a base fee of \$40 and then it goes up from 1 to 20,000 gallons for a dollar per 1000 gallons so you can see the comparison.

Doris McNally - So, Riley given the example that was asked of us from last meeting if someone is using 7000 gallons, their bill this year would be \$40. Their bill next year would be \$47 just to break it down to palatable understanding.

Riley Vane - Thank you for that, I'm an engineer and I think in numbers. So, let's take a look at that across the board. A \$1 to A \$1, \$3 to \$2.50, \$5 to \$4, \$6 to \$6.25, \$7 to \$9.00, the brackets have changed with an adjustment in gallons used and cost per 1000 gallons.

Don Fawson - OK question.

Tina Dyroff - I have a little misunderstanding how your comparison is, you know, zero to zero is \$40 connection, OK? To most of us here, that's not a big deal you know, we want to do 10,000 gallons, \$10 extra a month is not a big deal. I don't know about most of you guys, but we all got our tax bill the last couple of days and there's some people in this town that that \$40, that's what they budgeted and with that \$40 that got upwards of 20,000 gallons. OK, now they don't get, I am just using this word, they don't get any water for that \$40. That's a service fee and a lot of people in this town are not used to getting just a service fee. And then all of a sudden if you go with the highest amount, I don't know what it was, 24,000 gallons that's the average. Well, there's a lot of people around here that \$24 is going to put them way over their amount. So, the comparison of this town and other towns and stuff like that, I don't think

that's a fair comparison. You know, our town is smaller, we don't have the admin cost, we don't have the overhead so to compare us with other people, oh, look what they pay I think for a lot of people, two dollars, \$24.00, or whatever is a lot of money. So, I think a lot of this is not explained and it's a little Flippant about, Oh, it's only six more dollars. Well, there's some people around here that \$6 will cost them a lot more than food or this or that. So, the \$40's in service fees is a lot of money for people that don't get anything out of it.

Don Fawson – You're absolutely right. In fact, it gave us a lot of angst as we looked at raising prices at all. One of the things that we also found, because we can see who is using what amount of water, we found that some of the ones that are using the least amount of water are the most capable of paying.-So what do we do to create equity, so we're not creating the least amount of problems for people? Some may be growing a garden to supplement their food supply. We needed, a certain base amount to meet the MAGI, our base financial obligation to the DDW. So this data actually gave us a chance to be able to look at trying to even this out the best we could. I think all of us want to be sensitive to people who are struggling. I know that we do it personally in our life and we try to make sure that we're helping others the best we can in that regard. We actually have a computer program that Doris supplied for us that allowed us to take the number of people in a particular usage category and we were able to put them into these different levels. we played with this up and down and around and over for a number of hours looking at every scenario trying to come up with the fairest cost schedule. So, it wasn't flippantly done nor without care and concern for everyone, ultimately the prices need to go up.

Tina Dyroff --Don I don't disagree with that at all. I understand that you know, bills need to be paid and all that. It's just a lot of people I talk to, that this really affects their budget when they just got through tax bills and there's a lot of people in this town, and in this county, that are seriously getting hurt. And you know I use the word flippant you know, but a lot of people think, oh, \$6 is a cup of coffee. Well, some people in this town, like you're talking about a garden and stuff, are what gets them through to paychecks and stuff. So, there's a lot of people they don't understand that \$40 they're not going to get any water and you know that's a garden, you know its fruits, and vegetables so you know to me that was a little bit you know oh look at Toquerville, look at Washington County, look at Hurricane what they're paying- Well, we're a little bit smaller and I think we're very small town friendly when we like to help our neighbors out and stuff like that so that's why I was saying a little flippant about, oh, \$46, when you don't have \$46.

Doris McNally - Riley, can you explain the MAGI? I think that once people understand that it isn't the assessment of Toquerville and everywhere else that was driving this discussion. It was what was required for us to meet MAGI that we were looking at, and that was just another way of addressing that. Could you explain that?

Riley Vane - Yes, so as part of the Funding package what the Division of Drinking Water will come back and say OK, we looked at your financials, we looked at the funding package, and according to our analysis, you have to meet a minimum standard average water bill, every month or assessed annually. So, this average monthly water bill is really the driving force behind this. We have to meet that minimum number. We feel like we were able to look at the usage, the operations and maintenance costs, and the funding requirements to try and hit that required level. The analysis ~~of~~ was not made by looking at Touquerville, and Washington, to determine how-much our average needed to be. No, we did look at their level of service,-and could see that they can provide fire flow,-and they do have redundant sources, which are-enough to meet their needs. Leeds can't claim that. If one of LDWA's sources goes down, the other one cannot supply the full needs of the Town. So, there is a level of service involved that you can compare. It's not a straightforward comparison, I used 26,000 gallons in Washington, versus 26,000 gallons in Leeds and it's just completely different. Leeds actually has a tremendous amount of infrastructure compared to its size because it's so spread out.-With less people,-and-more feet of pipe per person it costs more. That's one of the unfortunate consequences of having a small town spread out over a large area.

Don Fawson - I'm thinking about the type of Town that we feel we have, which is one that is compassionate, and one that's concerned for others. I think that we need to make sure that we're reaching out. That we really understand a little bit about how our neighbors are doing and that if we have the ability to help out that we are willing to do so. You know, there's two things that can happen, the giver can feel useful and caring and the receiver can feel cared for. If there's no one to receive, no one can give, which would be a shame. So, I think-hopefully those in need can express that they're struggling so that those of us who can help have a chance to do so, I think we need to be promoting that through the Town as well.

Susan Roberts – I was wondering, maybe I am misunderstanding this. There is a base fee of \$40 if you use up to 20,000 gallons at \$1.00, so your bill is \$41 a month.

Riley Vane - No it is \$1.00 per 1000 gallons.

Kurt Allen - So if you use 20,000 gallons you would your bill would be \$60.

Riley Vane - Do you want me to go over this graph?

Kurt Allen - I think that everybody's to the point where we could start having discussions and questions. Everybody OK with that? Save you a little bit of time there Riley.

Riley Vane - Thank you. One thing I will reiterate, this is to the Board and to the shareholders, there is one thing in this analysis looking at usage versus flat rates, is that this has to be assessed on an ongoing basis. An assessment should be done every year, or every couple of years. You have to look at the most recent usage and compare that to your operating costs to try to balance income and expenditures. I want to make that clear that that's our recommendation for future Boards, realizing that not every current Board Member is going to be here even as long as the projects are going to go on.

Don Fawson - Anybody have any questions on this Chart? Would anyone like Riley to go over it again.

Kurt Allen - Any other questions? Pertaining to projects, pertaining to funding?

Tina Dyroff - Sorry. So, David, this is towards you, I don't mean to pull off a Band-Aid. The last couple of meetings your name had been invoked about what the Water Board did or did not do. You and Elliot shook hands, had coffee, I don't know, whatever relative to the LDWA/LWC agreement. I just want to know if you want to clarify, what was said and give yourself a clean slate?

David Stirling - Well the way I see it, both Boards agree on how the water should be allocated based on the information received from the State Water Engineer. The State Water Engineer, said that he thought that the chart he recently provided went along with that agreement, so that's what we're going by and he knows better than anybody.

Tina Dyroff - Which agreement is that, is that the one Elliott was flopping around at the meeting saying he had an agreement or another agreement,

David Stirling - Correct.

Alan Cohn – To clarify really quick. We had a meeting with the State Water Engineer and it was pretty cut and dry, you know we have all our Creek Water Rights of from the Spring, but what plays into that is the entire flow as measured out of the Creek and the Spring. Based on that flow there was a chart Don presented one time, that determines what we are allowed to take from the Spring at any given time. It all depends on the total flow and that flow is going to vary weekly. If it's 1000 gallons, we're going to get 7% of that total flow. LWC is going to get the other 93%. It's hard and fast, it doesn't change. I mean the numbers were there, and the chart made it clear.

David Stirling - The problem was, both attorneys LWC and LDWA attorneys had worked on this agreement together, but it didn't really make a lot of sense. I talked to the attorneys, and they said, well, you know, we don't even really know how to do this to figure it out. We went to the State Water Engineer and said, can you help us clarify this? And so that's what he did, he created the chart.

Tina Dyroff – OK, when somebody's not in a meeting and you shouldn't invoke their name and stuff like that good, bad, or indifferent. I believe once you're here, you have every right to speak your truth.

David Stirling - And truthfully, it's really nice that both companies have come together and are working together now. It hasn't been that way in the past. So, this is a really pleasant change.

Don Fawson – There were some specific numbers put forth in that agreement and they were based on a certain flow of the system and so there was some confusion. It says LDWA has a right to this many gallons per minute and then it also said that LWC had a right to their number of gallons per minute. However, it didn't take into the fact that the Stream were not necessarily producing that amount of water, so if it is not, they can't have their share and we can't have our share if there isn't enough water to satisfy the total demand. That's where a lot of the confusion came into this agreement. The agreement did say something to the effect that we could probably take all the water out of the Spring coming down the pipe until they got a meter in and that was before we got clarification from the State Water Engineer and began using the USGS stream flow data.

Tina Dyroff -Is that recently?

Don Fawson –Yes it was within the last year, and that's when the State Engineer presented this chart. This chart also clarifies that LWC and LDWA don't own all the water rights in the system. There are other entities that own water rights there as well. So basically, maybe if we wanted to sit down and we wanted to just become hard-nosed, we could say we're going to take the entire Spring flow until you get your meter installed. It may be legal but, from our point of view, it's not ethical. We're trying to take the high ground and do both. So that's where we're at on this subject and you know the irrigation company is going to go ahead and get their meter installed, which will make all of this controversy go away anyway. I hope that makes sense.

Tina Dyroff - Yeah, none of that at that meeting made any sense to me. My point to that was like I said, David's name was invoked numerous times on that, and he wasn't here, and I just thought he had every right to speak his truth about what actually was or was not.

David Stirling - Thank you.

Kurt Allen – Appreciate that, Tina. Steve back to your question are there other entities, in The Spring, and in the flow and you were alluding to the Altitude Control Valve, and diverting that water back into the system. It is our obligation as LDWA to not overflow that water and run it down a different drainage channel than where it belongs. There are several water rights owners in that Leeds Creek drainage channel that own this water and we have no right to run it out of our overflow and send it somewhere else. So, it has to go back into that drainage channel.

Angela Rohr - This issue was a very difficult one at the last meeting and I have some questions about it. This 93% and 7% in times when we have lots of rain and lots of water, that is not a big deal, but let's say it gets worse, big time worse. It would seem that LWC might be taking the water that we need for minimal Residential usage. I was just wondering: Is this cut and dry?

Alan Cohn - I asked that question at the meeting with the State Water Engineer and he said, even in like drought times, or whatever emergency situation, you know you can come to an arrangement with LWC but then you're going to have to pay it back to them with penalties unless we have a good working relationship with LWC, then we play nice and you know, maybe we work it out because they're drinking the same water also. I mean, they're irrigating, but they're also LDWA users so they want water coming out of their faucets also.

Angela Rohr - And one other thing, over the years driving down Main Street past the Sullivan's fields, it could be pouring down rain and water is being sprayed all over fields that sometimes don't have anything growing on them.

Kurt Allen - That's their business. That's their prerogative,

David Stirling – Angela, it could be that there's something planted there or maybe they're getting ready to plow and they have to pre-water it. So, there's a lot of reasons why you might see land that's not in production that's being watered.

Kurt Allen – Good Point.

Angela Rohr - So, a long time ago when I was on the Water Board, I seem to remember that the Irrigation water was through November. They didn't go year-round, there was a time period of water.

David Stirling - So we turn out the water like mid-November and usually back on in February. There are a lot of times that I've planted grain in January, in December we might get a warm spell, or I might want to get the fields ready to work, then I'll pre-water. So, we have a year-round Water Right.

Angela Rohr - Thank you.

Don Fawson - I did want to mention relative to water rights that we have water rights that can sit both in the Well and in the Spring at the same time. So, based on the chart, we will use those Spring water rights to the maximum that we can based on the chart and then we can use the well and to make up the difference. So, we don't lose those water rights, we just have to find a different source to take it from. That's one of the reasons, too, for having this second Well is to give us that advantage if in fact we need it.

Steve Dyroff – This is a question that hasn't even been brought up yet. For the Board to even consider what income these new rates might produce you can predict that everybody's bill is going to change every month and go higher. It's already been discussed that some people will have a hard time paying those higher rates. So, they may have a hard time being on time with their payment and then for others like us, we've had, our bill paid by our bank automatically every month we can go away for a year and that \$40 can be paid, that's going to have to change. Could this Board consider extending the pay time out a week or so? And it would help people that are having a hard time paying and it would help us if we were going to go fishing for a week when the bill comes in. So when we get back and our bill hasn't been paid because we can't use our bank anymore, it's not going to work. And to add to that, Tina and I have always been a month ahead. So, on a given average month, there's \$40 to our credit, we get the bill, our bank pays, and when we get our bill every month, we still have a \$40 credit. There's been quite a few times when we will get our bill that says, you owe 40 bucks, an \$80 difference. And we have to come down and say negative things and we have to show payments and stuff like that and whoever is doing the bookkeeping at the time has to go back and say yes, OK, you guys really are paid and you're \$40 in credit. So, a lot of issues could be happening and maybe extending the due date would help on that.

Don Fawson - You know that's a really good suggestion.

Steve Dyroff - I don't know, even if you didn't extend the due date, not penalizing people for being late. Like we may decide, let's just say we did the 16,000 gallons, so we're 46 bucks. Let's just say we tell our bank sends 46 bucks every month and our next bill and we're out visiting kids or something, it's \$52 so we owe \$6. There are some fines being late that are gross. If the Board can just let the Dyroff's know when they come back, you owe \$6 or we would know that when we came back in and got our bill and see we owe 6 bucks and come down and get it.

Doris McNally - If I can add one thing, and Steve it's a good point, but one of the things that people don't realize is that our due date right now is 10 days after you receive the invoice. That's what the bylaws of the LDWA says. The LDWA has already extended it to the 30th of the month. That's not to belittle what you're saying, it is just saying most people don't understand that, right now our Bylaws say if we send the bill out on the first, let's say you get it on the second, you're supposed to pay the bill by the 10th day after you receive it. That's what our bylaws say. Many years ago, the company decided to extend it out to the 30th of every single month. So, just for clarification, that's what's currently happening.

Steve Dyroff – To understand what you are saying, if the bill shows up in the post on the first, we have to pay it by the 11th. Is that what you are saying?

Doris McNally - According to the bylaws, yes. But what we've been doing as a company is we've been allowing payments to go out to the 30th and I just want to point that out and I also wanted everybody on the Board to recognize that because I think sometimes, we forget about that.

Steve Dyroff – We get bills very quickly on that example I gave you. When we're \$80 in the plus, then we'll get you owe us \$40 right now or standby for your water being shut off and that gets to be a hassle.

Layna Larsen – I can explain that to you now or I can explain it to you privately if you want. I don't have control over the Post Office or Banks. I can guarantee that I process everything that is available to be processed by the 30th and sometimes I extend it to the 31st. I do not close out the month until everything that is available to be processed is processed. I make sure the PO Box is empty before I close out the month.

Steve Dyroff – Ok, let's take that, there's a bill in my mailbox on the 1st and I'm visiting the kids till the 15th. I'm just asking for a little gravy for us to get our bill in.

Layna Larsen - You still have until the 30th or the 31st.

Steve Dyroff - Yeah. We haven't seen that anywhere.

Layna Larsen – I know it's been done that way since I've been here, since March because that is how I have done it.

Doris McNally - And Steve, where you have access to a bank account that allows that service for you. A lot of people in town didn't and that's why Payclix was so important. And we're not arguing with you. Just for everybody in the room we're trying to offer solutions for our shareholders. So, I think you have a good idea and I think we need to just figure out what mechanics we have because once again as I mentioned before, we don't have a large Staff and we just need to do something that is mindful of the fact.

Steve Dyroff - You say 39 people used PayClix right now?

Doris McNally - 39 last month, we're up to over 80 people.

Steve Dyroff - Kurt do you use it?

Kurt Allen - Yes, I do.

Steve Dyroff - Don't?

Don Fawson - Yes

Steve Dyroff – David?

David Steriling - My wife pays our bills I don't know.

Allan Cohn - Terry and I found it works perfectly. We use a Credit card, it's protected, no big deal, it's very easy.

Steve Dyroff - We feel different about that. To allow companies into our bank account and take money out, especially with the electronic thievery that's going on right now. And I'll give you an Example; a few years ago, we had our mortgage payment taken out from a separate company from our bank. And this is going to overlay this Payclix stuff, a well-known company we allowed, we signed off on it to go into our bank account twice a month and take out half the mortgage and pay it. So, our interest rate was actually going down quicker than being paid once a month, follow. So out of a 15-year loan we're going to cut two years off just doing that. And things went good for a while until I saw that company went in and it's not that they didn't pay the bill and we were stuck. They took money out in excess of what was in our contract. An excess, they just went in arbitrarily and took it. And talking to numerous supervisors, you know, everybody's going to have a business office in Denver, LA, San Francisco, Miami, and we're talking to different supervisors all over the country. What it took, and the main headquarters of this company was out of Denver, it took the Colorado and Utah District Attorneys, and Consumer Affairs and that

company lost a crap load of money over taking money out of our account. They tried to cover it up by saying we were trying to help you out to get your loan paid off quicker. I mean, that's what they did.

Alan Cohn – Yeah, we went with a credit card because, well, then we're protected from that.

Don Fawson – We also use a Credit Card with Payclix. I don't want anybody in my bank account either. I also don't have a debit card for that reason. So anyway, we are sensitive to that.

Doris McNally – It's a good point, it's a good thing to look into.

Kurt Allen – Its good points Steve, Thank You.

Don Fawson - OK Ralph, Good to have you back.

Ralph Rohr - Just three points, first of all with regard to the rate schedule which is now going to be implemented. In that schedule, if you use 10,000 gallons, you're going to have a 25% increase, if you use 20,000 gallons, you're going to have a 50% increase. My question is, does the cost of running the company and doing the work really increase by a minimum of 25% or 50%. Because most of us as you show are less than 20,000 gallons so that's a pretty significant increase in. I don't understand this MAGI stuff. It sounds magic to me, but somebody's just decreeing something, and I've always thought a business was operated on the basis of income, outflow, and so forth. So, I ask you just to consider that I don't know how to change that, but it seems to me that 50% increase for somebody who uses 20,000 gallons, that is substantial. That was one point I had.

And another one, when you were speaking at the beginning Don about testing the Well and seeing how much you could pump out of it. So, the idea is if you can pump a lot more out of the Well you've got now that will be an indication that you can drill another well nearby in the same aquifer. Did I understand that correctly?

Don Fawson - That's correct. OK.

Ralph Rohr – OK, clearly, I'm not a hydrologist, but it's something that sounds really strange to me. Why don't you just take another straw and put it down the same well and pump the extra water there? Why are we going to the expense of drilling another Well when it's just basically like me and my wife getting a bigger cup and sharing straws from opposite sides of the cup? When we could suck out of the same side. I don't understand why we're going to all the expense of a Well in the same aquifer. And you're going to prove that this one would work and that it would be good, and you can pump twice as much water out of the current Well. I don't understand the process here.

Don Fawson - The reason for that is that you can't put 2 pumps the same size down the same Well, it doesn't work. Does that make sense?

Ralph Rohr – It probably should, but it doesn't. You can't put two pumps down the same Well? If I get a soda cup here and I put a straw in and you can put a straw in too and we can suck it out twice as fast.

Don Fawson – The point with that Ralph is that the pump and the piping are a certain size and the casing is a certain size. So, you can't take two 6-inch pipes and put them into a 10-inch casing. Does that make sense?

Ralph Rohr - So you can't just put another pipe downright next to it?

Alan Cohn - Doesn't it also cover us from catastrophic failure like we almost had several years back.

Ralph Rohr – So, it's a mechanical problem, is what you're telling me.

Kurt Allen - We need redundancy. We need a backup Well, so that if one goes down, we got another one that we can go to. So, if one of your grandchildren takes one of your straws out of your cup, at least you've got the other one that you can suck out of.

Ralph Rohr - Well, OK. I don't know if I completely understand, but if you say so. The last thing I have is more of a procedural problem and it's been mentioned that as shareholders we can sort of help see what's going on and provide input and so forth and that's based upon our being able to review the

Minutes. But the fact of the matter is that shareholders don't get to see the minutes until way late, like the minutes from the last meeting they don't become available for us to look at until this evening, after you finally okayed them. And so, we're way behind in having any input into that. And my question is, and maybe Layna you can help me on this, I don't know when you get a chance to type up all this garbage, I know it's kind of hard and it must take a lot of time, but let's say you get through with the minutes, a week, 10 days, whatever, after the meeting. Why can't they be sent out to the members of the Board? You look at them and you hear from them OK, I approve these minutes, or I want this change and the minutes get approved and then we can look at them online.

Layna Larsen - That could happen, but I believe there's a policy that's in place, it's supposed to be voted on at this meeting in front of everybody. So, I think that's why it's done that way.

Don Fawson - Let me just comment on that, too. That is standard operating procedure for every organization that I've ever belonged to. Beyond that,

Ralph Rohr - You sound like a military guy.

Don Fawson - The point with this is, for instance, this last board meeting minutes was 40 pages long. In the past, what I've found is that I've read minutes from previous Boards and they are summaries of what was done. These are actual transcriptions.

Ralph Rohr – Understood

Don Fawson - OK, so I don't know how long it took Layna to be able to get those together. So, it's very time consuming. But so, the point here is that it's standard procedure and it's also a chance for the Board to look at it after that editing is done and then come to the board meeting and either approve it or add to it or whatever needs to be done. I realized that it is a month out and I wish they could be faster too, but at the present time, that's the best we're going to be able to do.

It will be online, and I encourage everybody to go read those minutes. Yeah, I really do. I think that they're very informative. And not only that, but you can also go and cherry pick that, you can go through and find the places that you wanted to focus on and not have to listen to everything else that's gone on there. Anyway,

Kurt Allen - Speaking for myself Ralph, I read every word of those minutes and review them and make edits or changes that I see fit and so it takes a lot of time to do that.

Ralph Rohr – I understand that I just would like to know, whenever you're going to do it. If we could get them before this meeting for the next meeting otherwise it's so after the fact that it's almost pointless for me to read the minutes.

Don Fawson – I appreciate the comment and I thought that it would be helpful too, but the way the process is working now it's just not going to happen.

Kurt Allen – And Ralph to answer your original question, yes, our expenses in the company for operating are going up. To answer your original question.

Ralph Rohr – 25%, 50%.

Don Fawson - Well, the point there too, that I might just add to that, is the reason that we're in a position where we are borrowing this amount of money is because our current rate structure was not enough money to take care of these kinds of infrastructure improvements. That's the point. We should have been putting more into the system as we went along.

Doris McNally - It's a difference between patchwork and repairing.

Ralph Rohr – Thank You

Don Fawson - Go ahead, Susan

Susan Salvage – I Really appreciate your patience in answering these questions because water is really complicated and unless people are involved in it, it's hard to understand. So, I want to say something

about the sprinklers going in Sullivan's field. Nobody understands water for agriculture like the people who are using it. You can ruin a crop just as easily by overwatering as by underwatering. And some irrigation rights are year-round like the irrigation company. We have a well and it's seasonal. It's from March to November. So, water rights are all different, they can be totally different. I said to my dad one time, it was raining, and he was out irrigating, this was before the pressurized system. He was out there with a shovel flood irrigating. I said why are you irrigating when it's raining? And he said that's the best time to irrigate. And so, what I've learned over time is you know in the old system they used to have ditch wetting time and you know we have a high water ditch right that comes down from Silver Reef when there is high water, which is hardly ever. That's high water when all the other water rights are is completely satisfied and there is still extra. Then we get some. It takes a week for that water to make its way down to our place, from up there on the stream. So, the soil becomes so dry that it's just sucking up that water as it goes along. Earlier this summer there was an article in the paper talking about the drought, and it was cautioning people to not get too hopeful when we get rain because they said the soil has become so dry that those first rains are going to be hydrating the soil itself before it ever really gets to the plants to rejuvenate the plants. And I'll just say a case in point in finishing up. The valves that control our personal system are right by my pond and we had some trouble this summer with valves failing or different things happening. The first time it failed I went up to see what was happening and the valve had failed and had filled the pond. This was well water it wasn't coming from the Creek; it had filled my pond and that water was gone completely in a few days. The second time it failed, it filled the pond, and that water is still there. It's gone down very little all summer. So that first water was hydrating the soil and once it was in there then it could hold water. So, the Sullivan's and the Sterling's, and whoever is irrigating, they know what works. They know what works with their field and what they need. The Sullivan's own way more water shares than many of us own and I know when you look from the top of the hill up there this summer you could see some places that were green and some places that were brown because we drive by on the road we don't see what they're doing but I can tell you that they're not over watering because their field would be overtaken by weeds, and it would be a loss. So, those are all things you have to weigh in farming, and it's hard for other people looking at that to understand it, but we do Thanks

Don Fawson – Thanks Susan

Kurt Allen – Absolutely, Thanks Susan.

Brant Jones – I have one comment to back up what Susan just said, just to throw in a couple other things for agriculture. Depending on the plan, I really respect what you're saying that that's not our water, so it doesn't matter, you know it's not our business, let them do what they want. If you over water, your fertilizers are going to run off the top right. But if you can water at the right rate, some of your plants have roots that go 9 feet deep. And so, the saturated soil for when there's dry times there's a great strategy, you can save your water down below. There's a lot of things that you're looking at and they do have the advantage of gravity so that's nice you know, they're down below and they also have the disadvantage of everybody getting on the freeway and they see their pipelines. Drive around Town a little bit, I guess. No, I agree with Susan, everybody's trying to do their best and it doesn't make any sense to waste water. Sometimes when these rainstorms do come in, I think the lady that asked the question is gone, so I am preaching to the Choir probably, but the rainstorms come in and Craig and I are calling on the phone. Do we shut the line off, do we do it? There is one little pod of rain that's coming around. I don't know if it's going to hit us. And so, you know, we're trying to shut it down when we can. And the other thing is that the sprinklers buffer the rest of the irrigation system. So, if they go shut all their water off and it backs up, we're blowing 6-inch lines all over town. OK, enough said about agriculture.

Now back to the concept of the two Companies getting along and the finances of this. The State of Utah will assign us an engineer and they're nice guys, but they're expensive. So, here's the deal. The State of Utah will assign Leeds a Big Brother babysitter Engineer to oversee the two Companies. Nobody owns

any water; we have rights to use it. The State of Utah owns all the water, and they're kind enough to let Leeds fight this out together. The problem is the fight is expensive. So, when we start hiring attorneys for both sides, guess who pays for that? Us. We're paying for our own fight against ourselves, especially if you own irrigation and culinary rights which is everybody that's using agricultural water, they're actually paying both sides of the attorney's fees. If that's not asinine I don't know what is. But the other thing is that if The State appoints an Engineer to come and be Big Brother for us, then they assess us for that too and that tax lands on both of the companies and we have to pay an Engineer to babysit us. So, this is really fantastic that we're able to work together and get along with where we are and it's very advantageous all the way to the financial level.

Kurt Allen - Very good comments Brant that's exactly what we've been trying to say, and you know it's ironic that those that have the questions aren't here to listen to the answer and I wish that more people were here to hear that answer.

Tina Dyroff – Not to make this drawn out anymore, the one thing I will say is that I know zero about agriculture and like Angie was saying, she was asking a question. I think education is the best way. Just as David explained, he knows about farming and irrigation. I think ~~for~~ there are a lot of people that have zero acknowledgement of that, like Angie, who say, "Why are they watering right now? They don't understand it. Well, until you understand it, it's kind of hard to, get a feel of what actually is going on in our farmers' lives.

Doris McNally - In the spirit of allowing people's names that are being invoked, to say something, Craig, if you have anything you want to say, please do.

Craig Sullivan – Actually I do. I don't really want to come up there. OK. I appreciate what Susan said and I appreciate what Brant said and pretty much I would say if you're talking to different people that don't know how agriculture works it's like I'm trying to argue with a post if you want to know the truth. This is not the place for me to try to do that. I mean, we'd be just, so I would just as soon not to get into that situation.

But I do have one thing, I guess my heartburn is with some of this funding here. Like I get my tax bill from the county and there's like hundreds and hundreds of dollars on my house that is being paid to the Washington County Conservancy District, and I can't see where we here in Leeds have received any value from that. Is there a way to receive some value from the dollars that everybody in this Town, this community, puts into the District to fund part of this stuff? Maybe it has been answered because I have not been to a lot of meetings, but I just wanted to throw that out and I have none of the answers, that's the one question that I do have.

Kurt Allen - That's a great question and to briefly answer that, we have a meeting lined up with the Conservancy District this coming Wednesday to address that very issue and to negotiate with the Conservancy District to see what their cost share will be for this pipeline. Also, the bids for the materials, for our pipeline, as well as their materials for their pipeline come out on Monday the 24th and the Conservancy District is going to purchase all those materials, ours and theirs. They're going to store them and they're going to pay for them well before we have our money to be able to refund them. So, they're stepping up and giving us some advantages there and if you'd like to talk with me more in detail about what that is we can do so. After this coming week we can lay out the actual dollars and cents and talk more about it. It's a very good question and it's a concern of all of us.

Doris McNally - And I think there's also a part of this that you may not be aware of, but that taxation agreement was entered into by the Town of Leeds, not the Leeds Domestic Waterusers Association. That was the agreement between the Town of Leeds and Conservancy. So, Bill Hoster has, at an earlier meeting, talked about that. He too is also talking to the Conservancy about that and putting pressure on them from his side. So, the pressure about that topic of the taxes has to come from two different sources, it has to come from the people and the Town to the Conservancy.

Don Fawson - One of the things that we talked to Zach Renstrom about when we first met was this very issue, about helping out, ~~you know~~, in more of an aggressive manner. He said that he ultimately doesn't have control over what his Board does, he has to take any proposal to them. He said he's got one member of the Board that would probably be very amenable to that. He's got one member of the board that just thinks that's the wrong thing to do because that member of the Board feels like the Conservancy is giving us great service from this taxation because you get to you get to boat at the lake and when you come into town, you get to flush toilets, and use the restroom and those kinds of things and not only that the water that they produce supports all the businesses in ~~town~~ St George and so forth and so on. So, I don't completely agree with that philosophy but that is the philosophy that that particular Board member has. So, again, it has to go before the District Board and maybe, the thing to do is find out who the Board members are and start encouraging them a bit. That can be done not only as LDWA, but it can be done as individual taxpayers.

Steve Dyroff – Also when you use the lakes you have to pay to get in.

Alan Cohn – And you're spending money at the store, that's a BS answer.

Steve Dyroff - Every time you go into St. George, your buying stuff, and putting gas in your car. That's a hogwash answer.

Don Fawson - Maybe get the entire town involved, you know, maybe place a few notes up at the Post Office and encourage people to get involved. That would be good. You're right Craig.

Alan Cohn – A pretty good chunk of our property taxes goes there.

Kurt Alan - We will address that. Susan, you made it under the wire.

Susan Savage - I did talk to a person in another town that has done that successfully. That's gotten money from the District. We can talk to him again if you'd like. I said how did you do it? He said I went their Board meetings every week for a year. He said we just said we've been paying our taxes into the Conservancy District all of these years and have taken nothing from them and we're doing our own things. So that was encouraging.

I thought you should hear a story of Craig's about agriculture. This is about a dairy farmer. I think he was the second generation dairy farmer. The farm wasn't going to be ~~go~~ passed on to the rest of the family and when he sold the dairy farm, he came home when-the deal was closed and he said to his wife, "This is the greatest day of my life." And she said, "What about the day we got married?" And he said, "No, this is the greatest day of my life."

David Stirling - I would like to make another point about irrigating in the rain. A crop, depending on what stage it's at, can take one to three inches of water a week. A rainstorm might only be 1/4 inch - 1/2 inch. So, you think it's enough and it even tricks us sometimes. "Oh, it's raining," you know, but you still need to be putting the water down. Another reason why you would water in the rain is you can't water the whole field at one time, and it's too expensive to have lines set up all over in the field. So, you might have a wheel line and you have to work your way across the field and that might take a week to 10 days. So, if you shut the water off over here, this part of the crops is going to suffer later on because you're not going to be able to keep up with the water. So, that's some of the reasons why we water in the rain also.

Kurt Allen – Thank you Dave and we're so fortunate to have people ~~of~~ with agricultural experience here with us to discuss watering topics. Thanks, Craig and Brent and Dave. You know their knowledge, and their participation, their input ~~on~~ to the Board is critical and we want to thank them and appreciate their efforts.

Kurt Allen - OK. This is the business portion of the meeting.

VOTE

MOTION TO CLOSE SHAREHOLDERS PUBLIC HEARING: Alan Cohn | SECOND: David Stirling
MOTION APPROVED: Unanimously

VI. BUSINESS [All Members]

DISCUSSION	BUSINESS PORTION [Kurt Allen]
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Kurt Allen - Motions to move forward with the two parts here, 1) the projects and accepting the funding. And then 2) would be the fee schedule and the rate increase.

And so going into the first portion of the business portion. The board recommends that we accept the Division of Drinking Water Board offer to loan LDWA \$7,797,500, which constitutes the total loan-with \$3,499,500, in principal forgiveness and the balance of our repayable loan at 0% interest for 40 years. The repayable loan amount will be \$4,293,000, which includes the remaining balance on our previous loan. The funding will go towards the projects that we've been discussing and as outlined in our presentations over the last several months,

- the New Well at an estimated cost of \$1,316,000.
- The Spring Transmission line with an estimated cost of \$2,794,000.
- The Distribution line replacement on the East side of Main Street with an estimated cost of \$1,210,000.
- The Distribution line replacement on the West side of Main Street with an estimated cost of \$1,195,000.
- The Engineering, legal, and professional service estimated at \$946,000

and then other incidental items as needed, such as the Chlorination, Backup Generator, and the Altitude Control Valve as considered as we get into the design with that total estimated funding,

I make a motion that we accept this funding, and we accept these projects as been discussed and as outlined.

Alan Cohn – I'll second

Doris McNally - I'd like to add that these are contingent on the Division of Drinking Water accepting the absorption of the loan that we currently have into the new loan.

Kurt Allen - OK. So, there's been an addendum added to the motion that the funding is accepted, and the projects as discussed have been accepted with the addendum that this is contingent on the Division of Drinking Water Board meeting which is on the 1st of November next week accepting the rollover of the old loan into the new loan at 0% interest. It's important that we understand that has not been finalized by the Board of the Division of Drinking Water.

Don Fawson - We need to go back to that second again. Any other questions? discussion? Anything that needs to be clarified.

Alan Cohn - I mean, I guess we should put it in. He did mention it, but I guess we officially could make an amendment for the Chlorinator. It's not in there as part of the projects, but let's just make sure it is covered.

Kurt Allen - OK, so the second addendum that's been made to the motion is that we add a Chlorination system to the projects list and we can do that. So, we've got the motion of funding the projects as outlined and have been discussed. We've got one addendum adding the contingency of the Division of Drinking Water accepting the rollover of the old loan into the new loan at 0% interest. And then we've also added the Chlorination Facility to the projects. OK, is there a second?

Alan Cohn - I'll second it.

Don Fawson - Any further discussion. All in favor? We start at this end with Alan, State your name.

ACTION	BOARD MEMBER	VOTE	DATE
MOTION:	Kurt Allen	X	10/21/2022
SECOND:	Alan Cohn	X	10/21/2022
VOTE:	Don Fawson	Yea	10/21/2022
	Kurt Allen	Yea	10/21/2022
	Doris McNally	Yea	10/21/2022
	David Stirling	Yea	10/21/2022
	Alan Cohn	Yea	10/21/2022
RESULTS:	PASSED		

Kurt Allen - The second item of business that's on the table is the rate increase that has been discussed and presented by the engineers at the last two Board Meetings, the September Board Meetings and then again tonight the rate increase was presented. I'm presenting this motion that we accept the rate increase as presented and move forward with that as a Board.

Alan Cohn - I think that also needs to be contingent upon rolling in the other money because that's going to throw things into a different pricing level.

Kurt Allen - OK, there's been an Addendum made to the motion that we accept these rate increases contingent on the Division of Drinking Water Board meeting on the 1st of November accepting the loan to be rolled over into the new funding.

Don Fawson - OK. Any second?

Doris McNally - I'll second.

Don Fawson – Any further discussion?

Doris McNally – Just a comment that we need to really look at the 1-inch meters in the future.

Don Fawson - Is that part of this?

Doris McNally - No.

Don Fawson - OK, let's stick to this then, and we'll have a roll call vote on this.

ACTION	BOARD MEMBER	VOTE	DATE
MOTION:	Kurt Allen	X	10/21/2022
SECOND:	Doris McNally	X	10/21/2022
VOTE:	Don Fawson	Yea	10/21/2022
	Kurt Allen	Yea	10/21/2022
	Doris McNally	Yea	10/21/2022
	David Stirling	Yea	10/21/2022
	Alan Cohn	Yea	10/21/2022
RESULTS:	PASSED		

Don Fawson – Is there anything else that needs to be covered in the meeting.

Doris McNally - Yes

Doris McNally - Alan, could you give us an update on the GIS software? I know there's been some discussion on different aspects of the group. Specifically, on the meters for the homes, because that's where we actually needed the GIS data, is on the home meters, not the hydrants or anything else.

Alan Cohn – Right. So, the locations of the meters apparently are all correct. They were done by Pro Value Engineering. I think they did it accurately, apparently more accurately than we could do with the phone. We haven't dug into updating the account numbers to each meter, but it sounds like we have a lot more work to do on the GIS, because in talking to Kurt there are some mistakes in the data that's currently there. So, we're going to meet with Riley next week. Let's get the errors fixed and then we can tackle the meters and the pipes that don't exist or appear as the wrong size.

Doris McNally - So then when Pro Value came to the office with us and reviewed things, the hydrants are the ones that they have marked. They did not recognize the homes being marked. We need to get on the homes. And the hydrants we can validate the hydrant locations.

Alan Cohn - So, all the homes have a GPS coordinate that they captured using a very accurate GPS. When Mark and I tried, locate meters there were marks already on the GIS that were already in the system and Mark's readings are showing up a couple of meters away from those GPS locations because that's about as accurate as your phone GPS is. So, they used a much more accurate GPS when they did the homes and some of them, we couldn't find, but they're all there. So, it's just a matter of using that data and adding account numbers to them.

Doris McNally – Ok, because we need that to be able to improve the accuracy going forward.

Don Fawson – OK. Kurt, do you have anything else?

Kurt Allen - I need to follow up on that just a little bit with Alan, we do have that software that is owned by LDWA now. We have the ability to go in and manage it and we've got a meeting set up on Monday with Jones and DeMille. We'll quickly discuss Monday who's going to manage the GIS? Who's going to be able to go in and update it and make sure that everything is accurate within that software. So, Alan, I appreciate your efforts on that. There's a lot of work that's still got to be done so let's stay focused on that.

VI. MEETING ADJOURNED [All Members]

DISCUSSION	Request a Motion to Adjourn Meeting [Don Fawson]
VOTE	MOTION TO CALL THIS MEETING TO AN END: Kurt Allen SECOND: David Stirling MOTION APPROVED: Unanimously

Don Fawson – Everyone, Thank You so much for being here.

ADJOURNMENT: [8:55 PM Don Fawson]



Layna Larsen / Corporate



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors
Wednesday, **November 16, 2022**, at **7 P.M.** Leeds Town Hall,
located at 218 N. Main Street, Leeds, UT 84746.

1) Call to Order

- a) Roll Call
- b) Prayer
- c) Pledge of Allegiance

2) Announcements

- a) Consent Agenda
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports

- a) President's Report – [Don Fawson](#)
- b) Operations (Field) Report – [Kurt Allen](#)
- c) Finance Report – [Doris McNally](#)
- d) Administration Report – [Kurt Allen / Don Fawson](#)

4) Shareholders Comments:

No action may be taken on a matter raised under this agenda item.
Shareholder must step to podium to make comments.
(Three minutes per person).

5) Roll Call Vote to close meeting



Leeds Domestic Water Users Association (LDWA)
545 N Main St Suite #7 | PO Box 460627 | Leeds, UT 84746
Phone: (435) 879-0278 | E-Mail: LDWAcorp@infowest.com | Web: ldwacorp.org



Minutes

Date/Time/Location:	November 16, 2022 07:00PM. Leeds Town Hall/LDWA Office
Type of Meeting:	Board of Directors Meeting
Note Taker:	Layna Larsen
Attendees:	Members/Staff: Don Fawson (P), Kurt Allen (VP), Doris McNally (IT), David Stirling (M), Mark Osmer (Field Mgr), Layna Larsen (Corp Sec.) Shareholder: Susan Savage, Phil Ayers

Agenda Topics

I. CALL TO ORDER [Don Fawson - @ 7:00 PM]

CALL TO ORDER	We would like to welcome everyone. We will start off with a roll call.
ROLL CALL	Present: David Stirling, Don Fawson, Kurt Allen, Doris McNally

II. PRAYER [Susan Savage]

III. PLEDGE [Doris McNally]

IV. CONSENT AGENDA, PRIOR MEETING’S MINUTES & POLICY APPROVAL/VOTES [Don Fawson]

DISCUSSION	Consent agenda consist of the acknowledgment the meeting notice was posted. It is also a vote to accept this month’s agenda and the previous months minutes.
VOTE	MOTION TO APPROVE PRIOR MEETING’S MINUTES: David Stirling SECOND: Kurt Allen MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE TONIGHT’S AGENDA: David Stirling SECOND: Kurt Allen MOTION APPROVED: Unanimously

IV. OFFICERS REPORTS [All Members]

a) PRESIDENT’S REPORT [Don Fawson]

DISCUSSION	Washington County Water Conservancy District Meeting
<p>Don Fawson - I'd like to start off by just giving a report on the meeting that we had with Washington County Water Conservancy District yesterday. Kurt, I and Riley Vane from Jones and DeMille, met with the WCWCD Board last evening and presented them an overview of our water company because a lot of them are not familiar with LDWA. We presented an overview of our system and Kurt was very bold in asking them for a half million dollars by accepting the entire cost for the installation of the West side Main Street replacement water line. (We pay for the materials). Basically, the WCWCD Board was actually positive in the reception of that proposal, however, the question was asked to Zach Renstrom “do we have the money, right now?” He said,</p>	

"well not right now". But he was going to study that and see what he could come up with, report back to the Board and then we'll go back next month and meet with them. I felt positive about it. Did you Kurt?

Kurt Allen – I did too, I felt like all the mayors that make up the Board that were there were talking positive about it and nodding favorably. We actually had a couple of the mayors that were promoting our proposal and thinking in line with our request. So, we're feeling good about it.

Don Fawson – We'll follow through with their Board Meeting next month and see what they have to say.

Kurt Allen – Excuse me Don, maybe we ought to clarify that. You know it isn't them giving us a half a million dollars in cash for us to spend. What it is, is that the project going down the West Side of Main Street is going to cost about \$950,000 and our portion of that in materials is about \$450,000. So, we're asking the Washington County Water Conservative District to fit the bill on the installation, and equipment, and the Contracting of installing and doing all the surface improvements and everything that the contractor is going to charge them to install that pipeline. We're asking for the WCWCD to cover that cost. So, that's where we came up with the \$500,000.

Don Fawson – Thank you Kurt, that is good clarification. Does anyone have any questions on that at all?

DISCUSSION

Cross Connection Policy

Don Fawson – OK, the next thing I'd like to do is to discuss the Cross Connection Policy. The possibility of accepting that. So, I hope all of you (Board Members) have had a chance to look at that. David, did you receive a copy of that? Doris?

Kurt Allen - Yes, I did and I'm in favor of the policy and the wording.

Don Fawson - Let me just say Doris, you helped with this. After I finished going through it, I passed it by Mark, and he felt positive about it. He is certified, I am certified, and also Larry Bruley is certified. So, I actually sent Larry an email with a copy and he went through it and made a couple of suggestions that were very helpful. So, I just wanted to go back and hit the pieces that he added. Before I do that, I want to mention that The State has a duty to increase the safety and health of all water systems. I believe it was passed down from the Federal Government. In order to accomplish that mandate with the Cross Connection program, which is a system which enables us to isolate our water system from any contaminants that might be introduced into it from any source, but particularly from our consumer source. So, as part of that requirement we replaced all of our meters about 10 years ago, or something like that. When we did that the base that holds the meter has a built-in valve called a dual check. It's two separate little valves placed in the meter base right before the meter that are supposed to prevent backflow.

Mark Osmer – Yeah, it stops backflow from going back into the water system.

Don Fawson - Any mechanical structure has the potential of failing. And Mark has been in the process this year of replacing a tenth of all of the dual check valves or about 45 of those in our meters. We have established a process where we will replace 10% a year to keep up on that requirement. But there are some types of installations for instance, the plastics plant, the fire station, some areas where they water animals, and those kinds of things that if there was a negative pressure in our system for whatever reason, whether it was a fire or a line break or whatever, it could potentially suck contaminants into our system. So, in those higher risk areas we've asked them, we expected them to put in, what we call an RP, which is an approved backflow prevention assembly that will prevent backflow from happening. We have also required RPs in the Trailer Parks, in the old store area, and then up here at the Post Office location. So, that's all part of the Cross Connection Program. One of the things Larry had suggested, relative to the previous Policy which said that an approved backflow prevention device should be installed on each consumer's water system, serving but not necessarily limited to, the following types of facilities, and we have quite a long list of those. So, based on his suggestion, the change in that is that "An RP backflow prevention assembly should be installed on each of the listed establishments water connections to the LDWA system. This list is only representative, LDWA retains

the right to require an RP on any customer's connection to LDWA, it deems necessary to maintain the integrity of the LDWA water quality. RPs must be installed on the consumers side of the water meter at the customers expense and must be tested yearly with the testing reports submitted to the LDWA office. So that was the change on that piece. Any Questions on that? The Policy originally read an approved air gap separation or an approved reduced pressure zone backflow prevention device in RP or other approved backflow prevention assembly or device, such as an approved double check valve, not a dual check, but a double check and there is a difference, the assembly shall be installed where the LDWA water supply system may be polluted with substances that would be objectionable but not dangerous to health. This is a definition of pollution not contamination. The only thing that has been added is that in some place's screens need to be installed where air gaps require it.

Doris McNally – Did he send us the information electronically so we can correct the document.

Don Fawson - I went ahead and made the changes in this Policy based on his input.

Doris McNally – With those two changes, I make a motion that we accept the backflow connection policy. The previous policy that was in place was really only an office policy. It really never properly addressed this issue. This is a really good addition to our system documentation.

DISCUSSION	Request a Motion on Cross Connection Policy [Don Fawson]
VOTE	MOTION TO ACCEPT THIS POLICY AND PASS IT: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Unanimously



Don Fawson – Ok, we will go ahead and get that on the website., I will give you the electronic copy and go from there. At this time, I will ask Mark to give his report for the month.

b) FIELD OPERATION’S REPORT [Don Fawson/Kurt Allen/Mark Osmer]

DISCUSSION	Operations/Field Accomplished past Month [Mark Osmer]
<p>Mark Osmer - We made up all new ladders and put them in all the underground vaults so there is easy access to get in and out of those. So, they're all in and painted. We passed our BacT test this month. Water usage is down, so we're just running on The Spring at the moment, so the Well’s not clicking in. I asked Bob to cut down to adding just one chlorine tablet a day because obviously we're not using the same volume of water.</p> <p>Don Fawson - That’s for chlorination, correct?</p> <p>Mark Osmer – Chlorination correct, yeah. I completed a couple of repairs on some PRV's that were leaking. We had a service line repair-on Mountain Shadows, the one where it came out of the ground and then went back underground again. So, we pulled all that out. It was PVC coming off the main line and installed a completely new line and buried that all back up. We're currently in the process of making up a new door for access to the Spring, so we're not sliding the current one on and off and messing up all the seals. And then we're working on getting concrete lid put on the Eldorado Well enclosure and get that all sealed up.</p> <p>Don Fawson - Thank you so much Mark, anyone have any questions or thoughts?</p> <p>Doris McNally - I just want to ask Mark that when you buy supplies and materials to mark the project’s name on those bills so that we can capture them by project.</p> <p>Mark Osmer – Yeah, that's what I’ve been trying to do.</p> <p>Doris McNally – Thank you</p> <p>Don Fawson – David do you want to share what we did relative to looking at the USGS measuring device.</p>	

DISCUSSION	USGS Measuring [David Stirling]
<p>David Stirling – Don, Mark, and I went with the USGS supervisor, Nick Whittier, to the gaging station on the Oak Grove Creek to see how it is calibrated. It was really interesting to see how it is done. It used to be like a float system, but now it's actually a little compressor that pumps air and drives it down under the riverbed right out of a pipe in the bank. It blows bubbles and they can tell from the resistance on those bubbles how deep the water is. But then they also check it manually while they are there every six weeks. They take measurements in about 25 different spots of the depth and velocity of the stream. So, it took Nick about half an hour to do that. It was really informative, and I am sure if somebody else wanted to see that Nick would give another tour of it on his regular visit.</p> <p>Kurt Allen - Does he recalibrate it each time he comes out to make sure that it's accurate.</p> <p>David Stirling – I think he goes back in and crunches the data or whatever and then he can recalibrate, is that right Don?</p> <p>Don Fawson - I don't know whether he calibrated right there. This time he said it looks real good based on what he'd done on his previous visit. So, we didn't actually see him change anything. Whether he changes it in his computer system or whether it's changed right there in the box, I don't know. But there is a solar powered battery in there that takes care of all the instrumentation power for the system.</p> <p>David Stirling – And it checks it every 15 minutes.</p> <p>Don Fawson – So, I was glad David and Mark went because I didn't realize how old I was. That's a steep bank going down to the monitoring station. They helped boost me up.</p>	

c) OFFICE REPORT [Doris McNally]

DISCUSSION	BILLING [Doris McNally]
<p>Billing for October was completed and mailed on November 1st. On the reverse side of the bill the New Drips Article about the Smart Water Monitor Device FLUME 2.</p> <p>Shareholder Mary Pettit posted a really nice post that she purchased a FLUME 2 after seeing it in the News Drip article. She made the statement: "The peace of mind I have from its usefulness is worth the purchase price."</p>	<div style="border: 1px solid black; padding: 5px;">  <p style="text-align: center;">Need to contact the LDWA, it's simple. Phone (435) 879-0278 Please leave a message, your call will be returned promptly.</p> <ul style="list-style-type: none"> • To report an EMERGENCY water leak or a loss of water PRESS 1 • For a BILLING INQUIRY, PRESS 2 • For a GENERAL INQUIRY, PRESS 3 <p>Your message is immediately routed, and a LDWA representative will be in contact.</p> <p style="text-align: center;">Email LDWAcorp@infowest.com</p> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p>Smart Water Monitors Change the Way We Consume Water</p> <p>If you are looking for a way to monitor your water consumption and alert you to leaks in your systems, you should look at this Smart Device, FLUME 2. The LDWA has negotiated with the manufacturer a shareholder discount of 15% for those who buy this device.</p>  <p>Learn More: flumewater.com/product/ Discount Code: LDWA LDWA Price: \$169.15 + Free Shipping</p> <p>If you select to order a FLUME 2, when your shipment arrives call the LDWA (435-879-0278) and leave a message with your name, account # and phone number. The LDWA office will coordinate with you on a time when field engineer (Mark Osmer) can come and assist in installing your device at no charge, it will take less than 10 minutes.</p> <p><small>*Attempts to do this without his assistance could expose you to meter or antenna repair fees, so call us.</small></p> </div>

DISCUSSION	PAYCLIX [Doris McNally]																																																																																															
<p>In October we had 98 shareholders pay their bills using this payment option. The total amount collected through PayClix was \$9,432.96 With 46% paid via credit cards & 54% via echecks.</p>	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="background-color: #e0e0e0;">Credit Cards</th> <th colspan="2" style="background-color: #e0e0e0;">Electronic Checks</th> <th colspan="2" style="background-color: #e0e0e0;">PayClix®</th> </tr> <tr> <th>Count</th> <th>Credit Cards</th> <th>Count</th> <th>eCHECK</th> <th>Count</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Jan-22</td> <td>33</td> <td>\$2,149.28</td> <td>13</td> <td>\$641.94</td> <td>46</td> <td>\$2,791.22</td> </tr> <tr> <td>Feb-22</td> <td>30</td> <td>\$1,574.26</td> <td>19</td> <td>\$1,047.57</td> <td>49</td> <td>\$2,621.83</td> </tr> <tr> <td>Mar-22</td> <td>33</td> <td>\$1,961.13</td> <td>20</td> <td>\$846.85</td> <td>53</td> <td>\$2,807.98</td> </tr> <tr> <td>Apr-22</td> <td>34</td> <td>\$1,547.00</td> <td>16</td> <td>\$1,068.23</td> <td>50</td> <td>\$2,615.23</td> </tr> <tr> <td>May-22</td> <td>33</td> <td>\$1,510.34</td> <td>21</td> <td>\$1,434.03</td> <td>54</td> <td>\$2,944.37</td> </tr> <tr> <td>Jun-22</td> <td>41</td> <td>\$2,653.92</td> <td>19</td> <td>\$1,303.09</td> <td>60</td> <td>\$3,957.01</td> </tr> <tr> <td>Jul-22</td> <td>46</td> <td>\$3,561.35</td> <td>22</td> <td>\$1,828.03</td> <td>68</td> <td>\$5,389.38</td> </tr> <tr> <td>Aug-22</td> <td>45</td> <td>\$3,081.90</td> <td>24</td> <td>\$4,593.35</td> <td>69</td> <td>\$7,675.25</td> </tr> <tr> <td>Sep-22</td> <td>22</td> <td>\$1,295.27</td> <td>17</td> <td>\$1,256.22</td> <td>39</td> <td>\$2,551.49</td> </tr> <tr> <td>Oct-22</td> <td>71</td> <td>\$4,344.68</td> <td>27</td> <td>\$5,088.28</td> <td>98</td> <td>\$9,432.96</td> </tr> <tr> <td></td> <td>388</td> <td>\$23,679.13</td> <td>198</td> <td>\$19,107.59</td> <td>586</td> <td>\$42,786.72</td> </tr> </tbody> </table>							Credit Cards		Electronic Checks		PayClix®		Count	Credit Cards	Count	eCHECK	Count	TOTAL	Jan-22	33	\$2,149.28	13	\$641.94	46	\$2,791.22	Feb-22	30	\$1,574.26	19	\$1,047.57	49	\$2,621.83	Mar-22	33	\$1,961.13	20	\$846.85	53	\$2,807.98	Apr-22	34	\$1,547.00	16	\$1,068.23	50	\$2,615.23	May-22	33	\$1,510.34	21	\$1,434.03	54	\$2,944.37	Jun-22	41	\$2,653.92	19	\$1,303.09	60	\$3,957.01	Jul-22	46	\$3,561.35	22	\$1,828.03	68	\$5,389.38	Aug-22	45	\$3,081.90	24	\$4,593.35	69	\$7,675.25	Sep-22	22	\$1,295.27	17	\$1,256.22	39	\$2,551.49	Oct-22	71	\$4,344.68	27	\$5,088.28	98	\$9,432.96		388	\$23,679.13	198	\$19,107.59	586	\$42,786.72
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Aug-22	45	\$3,081.90	24	\$4,593.35	69	\$7,675.25																																																																																										
Sep-22	22	\$1,295.27	17	\$1,256.22	39	\$2,551.49																																																																																										
Oct-22	71	\$4,344.68	27	\$5,088.28	98	\$9,432.96																																																																																										
	388	\$23,679.13	198	\$19,107.59	586	\$42,786.72																																																																																										

DISCUSSION	PROFIT & LOSS [Doris McNally]
October's Total Net Ordinary Income was \$30,257.89	
There are 4 Major categories for Expenses:	
1)	<u>Ordinary Admin Operating Expenses: \$2,299.71</u> This category YTD represents 9.3% of our expenses.
2)	<u>Ordinary Professional Operating Expenses: \$414.00</u> This category YTD represents 5.5% of our expenses.
3)	<u>Ordinary Field Operating Expenses: \$7,570.34</u> This category YTD represents 43.5% of our expenses.
4)	<u>Ordinary Operating Payroll & Taxes: \$7,970.87</u> This category YTD represents 41.6% of our expenses.

DISCUSSION	BANKING ACCOUNTS [Doris McNally] (as of 11/09/2022)	
	CHECKING ACCOUNT:	\$26,108.21
	EMERGENCY REPAIR & MAJOR PROJECT RESERVE	\$286,106.36
	DDW LOAN #3F138 FUND	\$36,593.43
	IMPACT FEE ACCT	\$41,037.58
	SAVINGS ACCOUNT:	\$363,737.37

DISCUSSION	INSURANCE CLAIM # 60004450510 HYDRANT DAMAGE [Doris McNally]
We received a release form from Amica (Insurance Company) regarding our damaged hydrant claim. Incident Date 08/10/2022, Claim Files 08/10/2022 AMT \$10,960.56. Rep: Reilly Damm. We submitted a claim for repair in the amount of \$10,960.56 based on the fact that the hydrant & associated equipment was not new a depreciation was assessed to that amount of 10%. As such, the amount of reimbursement is \$9,864.50. A release was signed, and payment should be received shortly. So this topic is closed.	

DISCUSSION	SHERIFF'S INCIDENT :: Theft of Utility [Doris McNally]
On October 5 th we reported a Theft of Water Service to the Washington County Sheriff's Dept. A demand letter was sent to Zion Mountain Construction. The letter included a fine for Theft of Utility, Estimated Water Used, Meter Rental, & Administration Fees to cover office & field documentation. Total amount of \$2,539.00 .	

d) ADMINISTRATION REPORT [Don Fawson, Kurt Allen]

DISCUSSION	PROJECTS [Kurt Allen]
Most of the action within the projects is in the engineer's hands at this point, we're really just calling and coordinating things with them just as an oversight, here's a high-level view of what's going on.	
<u>New Well</u>	
The engineers are currently working with Anzalone Drilling to get the new pumps, and the schedule to be able to start test pumping the current Well. We're hoping that happens in December, we're scheduled to have it happen in December. At that point we'll be able to see what our water table reaction is like, our aquifer reaction, and the drawdown. If all goes well, it could support a larger pump and we would	

increase our pumping capacity out of our existing well from 350 to nearly 700. I think we're trying to get it up to 700 gallons a minute and that will also tell us if we could put the second well, the redundant well that we want to drill in the same area to draw out of the same aquifer. So, there's a lot of studying that needs to be done, a lot of analysis that needs to take place. We've also got the hydro-geologist, John Files, that's working with Jones & DeMille on this entire project. So, we'll keep everybody updated each month as we get new information.

Main St Pipeline

OK, on the Washington County Conservancy District shared project, we've already talked about the materials that have had a big delay. It was about a four-to-six-month delay on getting ductile iron pipe and getting the other materials for the project. The WCWCD wanted to start that project originally in January, but now it's been pushed back to probably April or May before they can start. But they will have that advertised for bid the first of the year and bided out and awarded to their contractor. Then as soon as the materials get here, they plan to start in the spring. The plans for the pipeline are about 60% complete and they plan on having 100% of their drawings by the first of the year so that they can send those out in the bid acquisition for a contractor. So, that's moving right along and looking good. Hopefully the Conservancy District will support us in paying for the installation cost and we can apply that \$500,000 elsewhere on other projects.

Spring Line

On the Spring Line coming from the Oak Grove Spring down the Canyon. As you can imagine there's a lot of permitting that needs to be done and that's what's happening right now. The engineers at Jones & DeMille have dedicated a person within their firm to just work with the BLM, the Forest Service, and UDOT on these rights-of-way and to get the permits. We're anticipating that being completed by next fall. We will have our permits and possibly our bids in November 2023 time frame and to be under construction during that winter. We want that to be done during the low peak water use season so we'll want to start construction in November if we possibly can and have it wrapped up by April, May time frame and have the new line installed. So that's what we're shooting for and of course it depends on how the permitting process goes.

East Side Main St line

The East Side Main Street line, is going to be our variable and our budget catch-all at the end of the process as we have money left, we will apply any remaining funding to that project. We'll have the engineering done. It's going to be ready to bid out and we will decide how much of that we're going to do lengthwise. We'll go halfway down to the South end of Town or all the way or whatever we have the money to be able to do. So, hopefully by being good money managers throughout our other projects and if the Washington county Conservancy District can help us out, we will be able to do the whole thing.

Don Fawson - Thanks, Kurt. Did anybody have any questions?

Doris McNally – I would like to work with you so I can get an update on all the projects and put the information on the website for each of them. If we can get into a habit every month, a brief little paragraph, an update.

Kurt Allen – Absolutely, that's a great idea.

Don Fawson – Do we have a list of the impact fees and the fee schedule online. Does it include the new fee schedule?

Doris McNally – Yes, the impact fees are listed on the website under Billing Rates - Rates & Fees. The proposed new pricing schedule has been posted under Information Flow - System Updates.

Don Fawson – One of the things they asked last night at that Conservancy Board Meeting was if we charge impact fees and if we do how much that was.

Doris McNally – They are on the website, and we do charge impact fees.

Don Fawson - OK. They were also interested in our water fee schedule. I'll just pick that up from you so that we'll have that next time to give to them. One thing I just remembered, Mark you took something down to the Post Office today. What was that?

Mark Osmer – Yesterday, down to UPS

Don Fawson – What was it?

Mark Osmer – Water Samples to Chemtech Ford, for radionuclides, pesticides, stuff like that.

Doris McNally – We got the result reports back already.

Mark Osmer – Oh really, Was everything OK?

Doris McNally - I read them and it didn't look like there were any-warnings on them. They looked clean.

Don Fawson – Oh that was fast.

Mark Osmer – They only have a certain amount of time to receive and process them because everything is on ice. I took them to UPS and they send them out at 4:00 from St. George and they get them the next day at 8:00 in the morning at Chemtech Ford.

Don Fawson – And it cost?

Mark Osmer - \$208 just for shipping.

David Stirling – Where too?

Mark Osmer – Sandy, it's almost cheaper to drive it up there.

Susan Savage – I have a question - Do the water rights, the accumulated water rights that you pull out of the Well from that diversion point, specify how much you're allowed to pump in terms of cfs?

Don Fawson - If I understand your question, are we limited in the amount of water that we can pump out based on our water rights?

Susan Savage – Kurt was talking about; you were going to see if you could pull out more.

Kurt Allen – Yes, we are limited on that. The water rights that we have is all that we have.

Susan Savage – They usually specify.

Kurt Allen – They come with a limit on them and that all has to be considered.

Susan Savage – So you are looking to increase it to the amount that you are allowed to do?

Don Fawson – Yes, one of the things the state required in these capacity studies was that we be able to take care of all of our capacity, if something went down like say with the Spring or whatever that we would be able to take care of all of that. And so, the range is about 698 or 700 it may be off a gallon or two that we need.

So, let me share some other things that we have done, on Monday we had a well tester come down. He said that he would either have to bring in a large expensive generator to be able to run his pump or we have to make sure that we have sufficient power at the pump house to be able to take care of it. We worked with Rocky Mountain Power, they went through their specs and assured us we have enough power to be able to run the test equipment and eliminate the need for a generator, which will be a significant savings.

Mark, have you heard anything back, from Rocky Mountain Power? They were going to do a test on why that power line leg kept shutting off?

Mark Osmer – No, I haven't heard anything back. It was going to be the end of this month. They were going to do that.

DISCUSSION

Silver Eagle Development [Don Fawson]

Don Fawson - One of the other things that we've been working with is Silver Eagle Development. They're going to have to be putting in Sprinkler Systems in their homes. Part of the reason for that is the International Fire Code rule that says for any development that you have to have at least a corner of the house, or some part of the house within 250 feet of a fire hydrant. If you don't, then you've got to sprinkle it. So, it will be a wet sprinkler system. In commercial establishments it's dry, so they have a riser system, which is a complicated system of piping, valves, and an air compressor, and things like that, as well as alarm systems that keep track of this. So, basically on that system if in fact one of the sprinkling devices triggers, then it lets the air out of the system, which opens the valves that allows water to flow. In the case of a home sprinkler system, it would just be wet water in the ceiling pipe. So, I was concerned about freezing and talk to the Hurricane Valley Fire Service District inspector and ask him 'if they put in many of these', he says 'We have a number of them around he says there's never been a problem with freezing.' They actually charge the lines with an antifreeze and corrosion inhibiting solution. I asked him 'how that worked,' and he said, 'well they have a riser also, but it's not as sophisticated as the commercial ones and basically, if water starts flowing then it sets off an alarm.' I don't know whether the alarm is connected directly to the fire department, it may, but it also alarms in the House itself as well as setting off a strobe light outside, so they know that the system is flowing water.

So, I talked to the engineer that's doing the engineering on the roads for Silver Eagle Estates because I was concerned about what size pipe we need to have connected from our Mains to the meter itself. What would be the maximum size depending upon the size of the house. You just have to estimate what the biggest size of the house would be up there. The whole point was so that they can put the largest lateral in right from the beginning. We can always neck it down, but I don't want to go out there and start digging the street up or have them dig the street up to be able to put those in. Does that make sense?

Kurt Allen - That makes sense and we're estimating a 2-inch line running to their meter and a 2-inch meter may be required.

Don Fawson - So we'll have to see, I mean ultimately it will be the designer of the sprinkler system that determines that. We are going to have them actually set the meter set in there, right?

Kurt Allen – Yes

Don Fawson - OK, at that point, can you put a smaller meter in a 2-inch meter set?

Kurt Allen – No.

Mark Osmer - You need a two- meter, if they do have a fire to have the flow?

Don Fawson - It depends on how much demand there is on those sprinkler heads.

Kurt Allen - There's about a three-quarter inch difference in the horn spread on an inch and a half meter versus a two-inch meter and so you can't interchange them they've got to be one or the other.

Don Fawson - All right, anyway I've talked to Silver Eagles' engineer. He's aware of that, and he's putting that in his specs.

DISCUSSION

Clean up by Well House [Don Fawson]

Don Fawson - When we were up looking at the power situation at the Well, we observed that there are a lot of trees, right around our Well house. Junipers are like roman candles if you have a fire, and the standard for flame height is that the flame height is four times the height of the fuel. So, if you have 2-foot fuel, you're going to have 8-foot flame heights. So, if you have a 20-foot tree you have an 80 feet flame height if you have the right conditions. So, I went down to the BLM and asked them if we could have permission to clear cut 200 feet around that well house and then under the power lines feeding the Well. They said they'd have to take it before their committee. and get back to us. It is interesting if you look on the map our Well house sits on a tiny triangle of BLM land. It butts up against some private property and then the remainder is all Forest Service. We'll hope that they will allow our request.

Mark Osmer - If we're doing testing on the Well, they've got to get trucks in there. It's going to be kind of tight to get those in there at the moment with the way the trees have grown.

Don Fawson - So, we'll work with the BLM to see if they can speed this up a little bit. I don't know when their committee meeting is. I'll go back and talk to them.

DISCUSSION

GIS [Don Fawson]

Don Fawson - Also, we had talked about the fact that Jones and DeMille, has an expert in GIS. I haven't seen that we've done anything on that. Maybe we could talk to Riley and see if we can get that going. I personally think it would be a good thing to get them involved, I have more confidence in things getting done there.

Kurt Allen – We need to follow up on that.

Susan Savage – Do you have enough money for another couple of packs of beer. (That was the running joke to hire a water witcher or douser)

Don Fawson – For the Well drillers?

Susan Savage - I was just kind of tempted to say talk to the shareholders with an invitation to be patient with you as you look for a new Well site. I looked at dousers on the history of our irrigation Well and they tried six different places before they were successful.

Don Fawson - Isn't that interesting? When you say your irrigation Well, your personal one?

Susan Savage - Yeah.

Don Fawson - And so I don't know if all of you know that the irrigation company, LWC had drilled a dry well back about 1970 or 69, right up along the Creek.

Susan Savage - It was supposed to be a sure thing.

Don Fawson - Yeah, right next to the Creek, why not? So, maybe we need to provide a couple of cases of beer to a couple of dousers. That's what we did when we were sighting our current Well. When two of those water witchers and the State Geologist concurred, we drilled.

Susan Savage – And the one LDWA drilled that didn't work out was just the State Geologist.

Don Fawson – Yeah, although, you know, in talking to John Files, our current hydrologist, he said that he thought that actually was a pretty decent location. He said that he thought that maybe the drillers were just in a hurry and wanted to get out of there and didn't want to deal with it anymore. So, he said he wouldn't recommend going in there right now for political reasons.

Layna Larsen - I have a question. Has The Board decided when you are going to implement the new rate schedule?

Don Fawson - We've discussed that, but it hasn't been decided.

Kurt Allen – I've got an appointment set with Riley tomorrow afternoon at 3:30 to discuss the GIS.

Don Fawson – At his office? If I don't have anything going, I'll meet you there.

Phil Ayers - The only question I have is going back to your first subject matter on the Check valves that are going to be at each meter for the consumers obligation. How much do those run? What's that going to end up being?

Don Fawson - Well it isn't for every consumer. Let me just give you a list of the ones that are listed. It would be things like hospitals, mortuaries, clinics, nursing homes, churches, temples, most synagogues, office buildings, hospitals, laboratories, hotels, educational facilities, industrial sewage treatment plants, electric power stations, petroleum processing or storage plants, chemical plants, food restored or beverage processing plants. Restaurant salons, laundries, groceries, supermarkets, convenience stores, big box superstore, specialty store, department store, discount store, off price, retailer warehouse, auto repair shops, car washes or truck facilities, RV parks, storage facilities, etcetera.

Doris McNally – We will want to keep in mind the annexation property that is coming into town and if any of that going in is covered in this list.

Don Fawson – Yeah, sure. And then basically it says that any other place that is deemed a problem. The thing is when I say this, that's for an RP and that's an expensive thing. I think that the gentleman over here at the

plastics plant was telling me it was probably going to cost him \$2000. Mark, do you have any idea what the others have cost?

Mark Osmer – The one inch, which most people are putting in, is just under \$500. That’s just for the RV park. Then you have piping and elbows and labor.

Don Fawson - But this is just one device specifically for those listed applications. There are other and less expensive devices that may be required, have to go on, for instance, I've got one on part of my sprinkler system, each PVB or Pressure Vacuum Breaker, and I need to install another one in another location in the Spring. There are requirements that you cannot have a valve, an automatic sprinkler valve beyond your vacuum breaker. The only way to accommodate that is to put a PVB in your system, like the one I'm putting on mine. Or, to have your electric valve actually have the vacuum breaker built into the valve itself, a special AVB or atmospheric Vacuum Breaker at each irrigation station. And then they all have to be above ground and at least 6” above all downstream piping and use. So, with mine I chose to install a PVB instead. It still has to be above ground, but only on the main line instead of each station. I've just got two unions that connect it to the system and pop it off during the winter with a shut off down in the ground on the main line. And that height has to be a minimum of 12 inches above the highest sprinkler in your system. So, if your sprinklers are up on the hill. it may not be practical. The only other thing is to go back to something like an RP. There are also some requirements like if you have two water sources on your property, for instance irrigation and culinary, and you want to have the option to be able to feed your sprinkler system off either one or the other. Then you have to, by State Law, install something called a “Swing Connection,” which is a flexible piece of pipe coming off your sprinkler line that can connect into either the culinary or the irrigation, but not both at the same time. It physically can't be done. And then you have to have an RP above that on the culinary side. So, one of the things that we're supposed to be doing that's in this backflow prevention program is that anytime property changes hands there have to be a complete backflow inspection of the property before the water is turned back on to the property. The other thing that's written in here is that actually the water company does have the right at any reasonable time to come onto a consumer’s property and to check for those kinds of things. Nobody wants to be a policeman, but we also want to make sure the water system is safe. Hopefully we can do this on kind of a volunteer basis where people will be willing to have an LDWA representative come and check their system. Does that help?

Phill Ayers - Yes

V. SHAREHOLDERS HEARING DISCUSSION [All Members]

DISCUSSION	DISCUSSION
None	

VI. MEETING ADJOURNED [All Members]

DISCUSSION	Request a Motion to Adjourn Meeting [Don Fawson]
VOTE	MOTION TO CALL THIS MEETING TO AN END: Kurt Allen SECOND: Doris McNally MOTION APPROVED: Unanimously

Don Fawson – Everyone, Thank You so much for being here.
ADJOURNMENT: [7:52 PM Don Fawson]



Layna Larsen / Corporate



Leeds Domestic Water Users Association

will hold a Meeting of the Board of Directors
Wednesday, December 21, 2022, at 7 P.M. at Leeds Town Hall,
located at 218 N. Main Street, Leeds, UT 84746.

1) Call to Order

- a) Roll Call
- b) Prayer
- c) Pledge of Allegiance

2) Announcements

- a) Consent Agenda
 - i) Acknowledgement of meeting Notice
 - ii) Vote to Approve This Meeting's Agenda
 - iii) Vote to Approve Previous Meeting Minutes

3) Officer Reports

- a) President's Report – [Don Fawson](#)
- b) Operations (Field) Report – [Kurt Allen](#)
- c) Finance Report – [Doris McNally](#)
- d) Administration Report – [Kurt Allen / Don Fawson](#)
 - i) Update on Future Projects
 - ii) Silver Point Estates – Request for Will Serve Letter

4) Shareholders Comments:

No action may be taken on a matter raised under this agenda item.
Shareholder must step to podium to make comments.
(Three minutes per person).

5) Roll Call Vote to close meeting



Leeds Domestic Water Users Association (LDWA)
545 N Main St Suite #7 | PO Box 460627 | Leeds, UT 84746
Phone: (435) 879-0278 | E-Mail: LDWAcorp@infowest.com | Web: ldwacorp.org



Minutes

Date/Time/Location:	December 21, 2022 7:00PM Leeds Town Hall
Type of Meeting:	Board of Directors Meeting
Note Taker:	Layna Larsen
Attendees:	Board Members: Don Fawson (P), Kurt Allen (VP), Doris McNally (IT), David Stirling (M) Staff: Mark Osmer (Field Mgr), Layna Larsen (Corp Sec.) Guests: Riley Vane, Josh Wagstaff Shareholders: Terry Allen, Jared Westoff, Danielle Stirling

Agenda Topics

I. CALL TO ORDER [DON FAWSON - @ 7:00 PM]

CALL TO ORDER	We would like to welcome everyone. We will start off with a roll call.
ROLL CALL	Present: David Stirling, Don Fawson, Kurt Allen, Doris McNally

II. PRAYER [Jared Westoff]

III. PLEDGE [Terry Allen]

IV. CONSENT AGENDA, PRIOR MEETING’S MINUTES & POLICY APPROVAL/VOTES [Don Fawson]

DISCUSSION	Consent agenda consist of the acknowledgment the meeting notice was posted. It is also a vote to accept this month’s agenda and the previous months minutes.
VOTE	MOTION TO APPROVE PRIOR MEETING’S MINUTES: Kurt Allen SECOND: Doris McNally MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE TONIGHT’S AGENDA: Kurt Allen SECOND: Doris McNally MOTION APPROVED: Unanimously

IV. OFFICERS REPORTS [All Members]

a) PRESIDENT’S REPORT [Don Fawson]

DISCUSSION	WASHINGTON COUNTY WATER CONSERVANCY DISTRICT MEETING IN NOVEMBER
	<p><u>Don Fawson</u> - Did we mention attending the Washington County Water Conservancy District Board meeting last month?</p> <p><u>Kurt Allen</u> - We talked about, we were going to move it to January instead of attending the December meeting and now we've got the date and time of January 4th.</p>

Don Fawson - I don't know if you heard that or not, but Kurt and I had met with the Washington County Water Conservancy Board to propose that they pick up the cost for installing all the West side Main Street pipeline, that we would pay for the materials. Our proposal would amount to about \$500,000. They were not directly opposed to our proposal, however, they needed to do additional research before actually making a commitment. At a later date, we met with Zach Renstrom, Director of WCWCD. One of the things that they the WCWCD Board wanted was to have him go back into the tax rolls and see how much the citizens of Leeds had actually paid into the Conservancy since its inception (1961). So, we'll go back on the 4th and see what conclusions they have come to. Zach felt that they would be able to do something, but he didn't know how much. So, we feel positive about that.

DISCUSSION

DELINQUENCY AND SHUT OFF POLICY

Don Fawson - We have spent some time going over a delinquency and shut off policy, trying to clean that up. At this point, I'd like to accept a motion to approve that policy.

MOTION: Doris McNally, SECOND: Kurt Allen

Don Fawson - Is there any further discussion? We're just talking about the delinquency, shut off policy that we've talked about. Anybody have any questions about it?

Doris McNally - I think we've identified one or two things that just need a minor change. So, I think we can approve it with those minor changes in place.

Don Fawson - Based on that, the motion is that we accept the delinquency / shut off policy with the minor changes that have been noted with the Board. In favor?

VOTE

MOTION TO APPROVE DELINQUENCY/SHUT OFF POLICY: Doris McNally | SECOND: Kurt Allen
MOTION APPROVED: Unanimously

b) FIELD OPERATION'S REPORT [Don Fawson/Kurt Allen/Mark Osmer]

DISCUSSION

QUALITY WATER TESTS

Mark Osmer - We passed our BacT test again this month.

DISCUSSION

SPRING BOX & LADDER

Mark Osmer - We finished and installed the lid on the Spring box and permanently attached a ladder to the inside.

Don Fawson - What was the reason for the new lid?

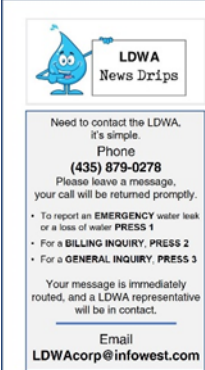

Mark Osmer - Because with the old one you used to have to lift one end and slide it off creating the possibility of dragging stuff into the Spring. Also, the lid kept damaging the seal, kept pulling off. This is a way better lid that opens up on a hinge. We also extended the vent pipe on the Oak Grove cement tank because we got a Sanitary Survey coming up next year.

Don Fawson - So that was a requirement?

Mark Osmer - Yeah, it wasn't in compliance, so we fixed that. We also replaced some service lines. I repaired a leak on a PRV and we put the concrete lid on the Eldorado Wellhouse to secure the site. We're making up a metal lid and ladder so we can go in and out of there because you want to monitor the static water depth of that Well with all the drilling and stuff going on around here.

DISCUSSION	DEFENSABLE AREA HIGHLANDS WELL & HOUSE
<p><u>Mark Osmer</u> - The Fire Department started yesterday clearing brush and trees around the Highlands Well and chipping it. So, we're going to do 100-foot radius of all the trees and brush going around the building.</p> <p><u>Don Fawson</u> – Very good. Any questions for Mark? Appreciate that very much Mark.</p> <p><u>Kurt Allen</u> - Thanks Mark.</p> <p><u>Mark Osmer</u> – OK.</p> <p><u>Don Fawson</u> - He certainly keeps busy, I know that, trying to find him at any given time you have to drive all over town. Anyway, appreciate you very much Mark and all you do. OK, Doris, let's turn some time over to you for the financials.</p>	

c) FINANCE & OFFICE REPORT [Doris McNally]

DISCUSSION	BILLING [Doris McNally]
<p>Billing for November was completed and mailed on December 1st. On the reverse side of the bill the New Drips Article about the Cross Connection/Backflow & Compliance.</p> <p>At our November Regular Meeting the Board discussed the need for an updated cross connection & Backflow Control Policy. The Newsdrip article offered a QR code that linked to the policy published on the Association’s website.</p> <p>On the upcoming December bills, which go out the first few days of January, we have our Annual Meeting Notice. Our LDWA Annual Meeting will take place, as stipulated by the ByLaws of our Association, on Tuesday, February 7th at 7:00PM @ The Cosmopolitan.</p>	
	 <div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">CROSSCONNECTION & BACKFLOW & COMPLIANCE</p> <p>A cross connection is an improper and illegal plumbing arrangement between a potable and non-potable water supply. This connection, under certain hydraulic conditions, can lead to a dangerous "backflow" from a contaminated water system to drinking water.</p> <p>The quality of Leeds' drinking water supply could be compromised if backflow from a non-potable supply containing hazardous substances occurs.</p> <p>The LDWA has a Cross Connection & Backflow Control Policy to protect the public health and the integrity of its drinking water supply.</p>  </div>

DISCUSSION	PAYCLIX [Doris McNally]																																																																																																	
<p>In November we had 58 shareholders pay their bills using this payment option.</p> <p>The total amount collected through PayClix was \$3,149.51 With 54% paid via credit cards & 46% via echecks.</p>																																																																																																		
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DISCUSSION	FINANCIALS [Doris McNally]
<p>November’s Total Net Ordinary Income was \$22,589.51</p>	

There are 4 Major categories for Expenses:

- 1) Ordinary Admin Operating Expenses: **\$1,370.75**
- 2) Ordinary Professional Operating Expenses: **\$1,197.50**
- 3) Ordinary Field Operating Expenses: **(\$5,573.64)** *This reflects the Amica Settlement
- 4) Ordinary Operating Payroll & Taxes: **\$7,589.21**

CHECKING ACCOUNT:	\$41,136.93
EMERGENCY REPAIR & MAJOR PROJECT RESERVE	\$286,710.72
DDW LOAN #3F138 FUND	\$36,641.26
IMPACT FEE ACCT	\$41,039.27
SAVINGS ACCOUNT:	\$364,391.25

DISCUSSION **SHERIFF'S INCIDENT :: Theft of Utility** [Doris McNally]

We received payment from Amica (Insurance Company) regarding our claim in the amount of **\$9,864.50**. The case has been closed and is resolved.

A second demand letter was sent to Zion Mountain Construction. The letter included a fine for Theft of Utility, Estimated Water Used, Meter Rental, & Administration Fees to cover office & field documentation. Total amount **\$2,539.00**.

DISCUSSION **TRANSFERRED WATER RIGHTS :: 81-5176** [Doris McNally]

The LDWA received a Report of Conveyance (ROC) which transferred 13 AF of water satisfying the requirements under the LDWA's ByLaws Section 5 regarding the requirement of "New Developers" to "provide the Association both sufficient water rights and a sufficient water source before connecting to the Association's water system." This was for the Silver Eagle Estate project.

So that's the report from the office.

Don Fawson – Great, Thank you so much.

d) Administration Report [Don Fawson, Kurt Allen, David Stirling]

DISCUSSION **IRRIGATION METER INSTALL** [David Stirling]

David Stirling – So, I'd like to report on the Irrigation Company's (LWC) water meter. It was scheduled to be worked on in mid-November and I'd like to say that it was not a matter of permitting or supply problems, but it's just been scheduling problems. We should be working on that the first of the year, Craig Sullivan, Brett Comis and myself have scheduled with Kurt Allen to pick up Jersey barriers the first of the year, so we should get started right after that. We have to have it ready for mid-February because this is when we'll probably turn the creek water back into the irrigation pipeline.

DISCUSSION **LWC AND LDWA WORKING TOGETHER** [David Stirling]

David Stirling - And I'd also like to say it's been a pleasure to work with both companies, LDWA and LWC, and that they're getting along so well together. It's just really nice that we're both working for the common goal of our community.

Don Fawson – Yes, I really appreciate David and his connection to the Irrigation Water Company. Right now, we are taking the full stream from the Spring. Mark what was the latest Spring flow rate when you last read the meter?

Mark Osmer – It was 180 gallons per minute, and we're not using the well at all at the moment, the Spring's keeping up with our needs.

Don Fawson – Didn't you say the Spring had gotten down to 120 gpm at some point,

Mark Osmer – Yeah, and then we pulled all those trees out and cleaned up around there and then it increased.

Don Fawson - Very good.

DISCUSSION

WATER RIGHTS IN OUR SYSTEM STAY IN OUR SYSTEM [Don Fawson]

Don Fawson - So one of the concerns that we've had is the water rights owned by the Irrigation Company. We'd like those rights to remain in our community, if that's possible, when and if anyone decides to sell irrigation water. So, we're working right now with LWC and trying to come up with a way that can happen. Or, maybe we can have the first right of refusal of any water people want to sell out of that system. I think it's important to keep water in this drainage within this drainage if that makes sense. David's been a real help in moving that forward. OK, Kurt.

DISCUSSION

UPCOMING PROJECTS – Jones & Demille payment [Kurt Allan]

Kurt Allen - OK, we've got some orders of business that we want to take care of and I'd like to present to the Board three different motions for us to act on concerning the projects that we've been talking about for the past 8 months or so. The first order of business would be the assignment order for Jones and DeMille for doing the engineering and construction management services for the projects. As everyone knows, we've got a \$7.8 million funding package that has been approved by the Division of Drinking Water and Jones & DeMille would provide these services to administer those projects. The fixed fee of Jones and Demille for all of the services would be \$1,055,000. That would be broken out as follows: Existing well testing and the well drilling would be \$159,300. The well house and the valving and chlorination facility would be \$225,800. Oak Grove transmission line replacement would be \$366,300. Main Street East pipeline replacement would be \$272,600. And Main Street West pipeline partnering with the Conservancy district would be \$31,000 totaling \$1,055,000 Dollars - fixed fee for all of the projects.

MOTION TO accept this assignment order to Jones and DeMille Kurt Allen - I make a motion that we accept this assignment order to Jones and DeMille SECOND: David Stirling –

Don Fawson - It's been moved and seconded any further discussion. One of the things I'd like to ask Riley, if you could clarify maybe exactly what that involves engineering wise? Could you come up and kind of share some of the things that are involved.

Riley Vane – Certainly. There are 13 pages of specific services within the scope that Kurt summarized. Includes including all of the engineering design services. This includes all the actual required survey work it also includes all the environmental work, which is significant considering some projects are on both BLM and National Forest properties. We have to go through separate permitting process for that. Then there is the categorical exclusion down Main St. being in UDOT right away. It includes all of the preliminary design, getting the packages ready to be bid, and assisting in that bidding and procurement process. It will also include construction management exercises for all the projects, including having someone on site depending on the project, sometimes it's full time, sometimes its part time depending on the need of the project. It includes also our subconsultant services, notably being John Files and his work with citing sighting the well. Getting the new well operational, testing, being there during drilling, it's critical to have John on site during that process and so that's also covered in this package. With that, we will be closing

out all the projects and getting all the necessary paperwork done with the Division of Drinking Water. It's a significant process of getting all those documents notarized, signed, closed, and providing all the engineering reports that go with it. So, managing the contracts with the funding administration.

Don Fawson - And also all the bid packages, right?

Riley Vane – Yes, all the bid packages.

Don Fawson - Anybody on The Board have any questions on that?

Kurt Allen - I might add that Jones and DeMille have been great to work with and they have worked basically, for free during the funding procurement process to get the funding and they put a lot of time and effort into it to get to this point with very little payment and we appreciate their efforts. And so, we appreciate that, Riley.

Don Fawson - I'm going to just take any questions from anybody here, relative to this.

Jarod Westoff - Could I add a wrinkle to this?

Kurt Allen - You're only allowed one wrinkle per meeting.

Jarod Westoff - So separate from Silver Point but related, we're working on bringing sewer into Leeds. And we met with the Conservancy District this morning on that and that's our third meeting. Ash Creek Sewer District was also in the meeting and basically, there's a portion of the WCWCD water line that they're going to abandon through the center of town. U-dot is asking them to slurry fill that line where they're going to abandon it. And so, we've been discussing whether or not we can use that line for a force sewer main or a gravity flow sewer line. So, in today's meeting we got into the plans and saw that the LDWA has a 6-inch line on the East side of Main Street. Usually within 10 feet of the WCWCD line, and the State code states that the sewer and water lines need to be 10 feet apart. So, when you rattled through your list, just curious, is part of that list to replace the line on the east side of the road?

Kurt Allen - We're also required to either abandon or use our 6-inch lines within U-dot right of way as well. So, we're working with the LWC to perhaps convert our West and East 6" lines to irrigation. If we do that, then of course we don't need to abandon them. But if we can't come to an agreement on that and get that done then we'll have to slurry fill our lines or remove them.

Jarod Westoff - OK, so I guess what we're hoping to do is look at the benefit of sewer for the whole community and you know, we said above 80% of Washington County's water supply ends up at a treatment facility. Our septic tanks work fine for us right now. They act as a filter. The water goes through that ground for let's say 10 feet and that water comes out clean, which is great but those particulates in that filter remain there. So, we're loading the ground with nitrogen and other pollutants. And at a certain point that loading keeps expanding and so it's important that at some point Leeds ends up with a sanitary sewer.

Doris McNally – When you say we, can you explain who “we” are?

Jarod Westoff - Oh yeah. So, it's just a group of private property owners, basically saying we're willing to fund in some form or fashion, whether through cash that we write checks for, or maybe we do a Public Improvement District (PID) where we put our land up as a property tax. We allow a property tax to be attached to our land and then we bond.

Doris McNally – So these are all current residential septic system customers who are considering this.

Jarod Westoff - There would be one commercial property and the rest are residential, today.

Don Fawson – What is the relation to what we're talking about here. What's the connection?

Jarod Westoff – So, U-dot has asked us to speed up and get our engineering done in time so when LDWA and the Conservancy District are tearing up our Main Street, that we're tearing it up at the same time.

Kurt Allen – Which makes sense.

Don Fawson – I don't have an objection to that, but I think basically the Washington County Water Conservancy is driving that timeline.

Jarod Westoff - Which is why we were meeting with them today and we're going to have to hustle a lot to catch up.

Don Fawson - So let me just ask you one quick question then. You're looking at and taking over their line which is on the east side of Main Street, right?

Jarod Westoff - Yes

Don Fawson - And there was a question about distance between our line and your line?

Jarod Westoff - Yes. So, sanitary sewer needs to be 10 feet away from a culinary line. So, if it moves to an irrigation line, we'll have to check on what that standard is.

Don Fawson - But we are planning on putting a line down the East side. But then the question would be, as I see it, if we have to move our line, say further into the road, into that deeper asphalt and whatnot. Then we may need help with the extra cost. Does that make sense?

Jarod Westoff - Yes. So, we're having that same discussion with the Conservancy. For instance, there's a section of this line that we may do as gravity, and they're talking about contributing the amount of dollars that they would spend on slurry filling it. And so, there's a section further South that they plan to dig out and replace. We're asking them to just let us have it and then we'll pay the difference for them to stay on the other side of the road. So, we want to have all those discussions from a global perspective and say, you know, how do we all help each other to make this cheaper overall. So, the areas where we need to pick up and pay some or we want to do that and in areas where we're saving somebody some money, we hope they contribute that to our project. We kind of have that back-and-forth discussion on how we make sure everybody wins here. The goal being to get these projects done for the least amount of money possible. So, we really appreciate the Conservancy because they're looking at it going, OK, you want us to slow down a month for engineering and maybe not dig out the line on the South end and let you use it as a force main? If it makes sense, Yes? So, we're looking at all those logistics and it only makes sense that LDWA is part of that discussion too.

Don Fawson - Appreciate you bringing us into that.

Kurt Allen - Another connection as well pertaining to our Jones & DeMille contract. There's going to be additional engineering requirements that will need to come into play, and we've got another assignment order that is going to set up an hourly rate with Jones & DeMille and I would imagine it would probably just fall under that. Is that right, Riley?

Riley Vane - Yes, I agree.

Doris McNally - I think, Jared, you coming and explaining that to us is good timing and I think if we just keep the dialogue going, it'll be helpful because I think we will benefit if we all work together.

Jarod Westoff - I totally agree, I think so. And we appreciate U-Dot because we just approached them and said look, we're looking for an encroachment permit and give us your checklist and they said OK, here's your checklist. However, there's these other projects going on and let's start coordinating so that we have the least amount of construction in the roads.

Doris McNally – Do you have anything in writing that we might be able to get from you so we could share it with Jones & DeMille so they could see it?

Jarod Westoff – Yeah, we've got maps and ...

Doris McNally - If you could send it to the office, electronically so I can share with the Board.

Jared Westoff – So, I'll send you a map for if we use the line the Conservancy is abandoning as a force main. And then we'll supplement that with what we would do if we just did it as a gravity system and not use it through town as a force main.

Kurt Allen - That's great Jared, thank you.

Don Fawson – Back to the MOTION to accept the assignment order to Jones and DeMille. All in favor?

VOTE	MOTION TO ACCEPT THE ASSIGNMENT ORDER TO JONES AND DEMILLE: Kirk Allen SECOND: David Stirling MOTION APPROVED: Unanimously
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DISCUSSION	2023 BASE CONTRACTS WITH JONES AND DEMILLE – Hourly Service [KURT ALLEN]
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Kurt Allen - The second order of business would be another assignment order for Jones & DeMille that would tie directly to their base contracts that we have with them to provide an hourly service to Leeds Domestic Waterusers Association for miscellaneous items such as the one we just talked about with Jared and then also for Plan Review of future development's water systems that come into the community. We've got several developments that have been presented to us and Jones & DeMille will be asked by LDWA to review the plans, review the specifications of the materials, oversee that part of it and give their blessing to move forward with the development. So that's an hourly rate. Let's see, Riley, have you got the hourly rate listed here or is it just the maximum of \$50,000?

Riley Vane - It's an hourly, the rate is just JD standard hourly rates that are not to exceed \$50,000 for the year of 2023, from now until the end of next year.

Kurt Allen - OK, so this is a \$50,000 cap for the year 2023.

Riley Vane - Yep, which we'll have our estimates provided, we'll set up a task level for each of the subdivisions, or for investigating Jared's development endeavors, anything like that?

Don Fawson - So, one of the questions I have is usually in these Will Serve Letters, isn't this included as part of the responsibility of the developer.

Kurt Allen - Let's see if I understand you.

Don Fawson - I guess what I'm saying is, doesn't the developer have the responsibility to actually to pay for our Engineer to look at their plans approve them.

Kurt Allen - Yes, we do ask the development to put a retainer down towards paying for this service, so yes.

Don Fawson - All right, are you making a motion

VOTE	MOTION TO ACCEPT THE ASSIGNMENT ORDER FOR HOURLY SERVICE FOR THE YEAR 2023 WITH JONES AND DEMILLE, AT A CAP OF \$50,000 FOR THE YEAR TO PROVIDE THESE ADDITIONAL SERVICES FOR LDWA: Kirk Allen SECOND: Doris McNally MOTION APPROVED: Unanimously
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DISCUSSION	VFD CONTROLLER [Kurt Allan]
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Kurt Allen - As everyone knows, we've been discussing getting started drilling a new Well and there's a lot that needs to be done prior to the new Well starting construction and we've received a proposal from Anzalone Pumps to do test pumping in our existing Well. The idea with that process is so that we can test our aquifer to see what it would sustain a minimum drawdown for the proposed Gallons Per Minute (GPM) taken from the Well. Currently we have a 350 gpm pump on the existing well. We'd like to

increase that to 700 gpm pump. If the Aquifer will support that sustained volume in that area, we would like to drill our second well within the general vicinity of the existing Well and have the two Wells in that same aquifer. This proposal or this estimated cost that we are about to take action on is for testing the existing Well. It includes a new pump for \$21,530.00

Don Fawson - That would be a new 60 HP pump instead of the current 50 HP pump and it would produce 700 gallons a minute.

Kurt Allen - Thanks for clarifying that. A VFD controller for \$18,651.00; and that's your variable frequency drive control which allows you to speed the pump up or slow it down to draw less or more water as well as reduce peak power demand. That is a very critical piece of equipment that allows you to save a lot on electricity instead of just having the pump either full on or off.

Don Fawson - And not only that, one of the things that it does is what we call a soft start. So, it does allow the pump, no matter what your setting is, to start up more slowly and not take that big power surge and the attendant higher electrical prices

Kurt Allen – For the initial startup.

Don Fawson – Yes

Kurt Allen – That can be huge too. We found that out last year how much that saved us, and it saved us a lot of money. The next item is a transducer, which measures the water level for \$1716.00. The 6-inch column pipe to go into the Well is \$15,180.00. And we're working with Anzalone on that. There are two different qualities, I'm not sure that's the right word, but two different types of column pipe that we can use, and we are working with them on that. There's no additional cost for either one of them so, when we decide on which one, we want to use, that's what will go in the contract. The number four copper well wire is \$4869.00. The labor for pulling the old pump and piping and installing the new pump, wire and piping \$7500.00. And completing the test pump is \$3000.00. Totaling \$72,446. This is cost estimate and I Make this motion.

MOTION —I make the motion to accept this cost estimate based on the contract agreement being accepted and signed by Anzalone with LDWA, which will have a lot of other contingencies in it to control the quality and security of the site.

Don Fawson – Any Second?

David Stirling - I have a question. So, I know prices have gone up a lot and I just thought of this as you were going through the list, and I know we talked about it. But we did one similar to that three years ago and it was a 50 HP, new wire, new pipe, I think we only went like 200 feet, so not extremely deep. I don't know how deep they're going on this one, but it was only like \$20,000 for everything wire, pipe, pump, motor, minus the VFD, there was no VFD drive. So, I guess Riley, my question to you is. How do we know we're getting a good deal here? Can we price check, or I don't know who would price check, but can somebody price check to see if that's not an inflated price there?

Riley Vane - You bet, we sent this over to John Files, the hydrogeologist who reviews these all the time, and had him review it. He didn't see any issues with it and one of the things that Kurt mentioned is we've been working with the Division of Drinking Water. So, in this process, we're going to go through a series of price checks.

David Stirling - and I'm OK with moving forward with it, but I would just like to at least price check to see it's not way out there.

Riley Vane - We can do that. Jones and DeMille has several projects we'll compare. You know everything we've done in the past year; I think we have a half dozen Wells we could pick from, just to compare I think that would be wise and we can do that. One thing I will ask, was your 50 HP pump-for irrigation?

This is culinary and there are higher specifications and standards for the pump and all the equipment so, it is a price jump but certainly we can price check all that.

Don Fawson - Did you guys use Chinese built materials and equipment?

David Stirling - No, it was American.

Don Fawson - One of the things that we just might mention, that we are required to use American made pumps and equipment.

David Stirling – I think it was a Franklin. Franklin's American.

Don Fawson –Because this is “Buy America” funded, we do have to actually buy American and, generally speaking, at least in my experience, you get a better quality doing that. But there is, I know in talking to one of the pump suppliers. There is a much higher standard for pumps and materials used in culinary wells and apparently those standards just got raised within the last year or so. They require certain types of materials and housings and all kinds of stuff relative to culinary as opposed to irrigation wells. But I agree, if we can get the price down then that's wonderful. Mark, how deep is the pump right now, do you have any idea?

Mark Osmer - I think it's 350.

Don Fawson – 350, so we're going another 150 ft, so that will affect it price to some degree. Was your's three phase or was it a single phase?

David Stirling –Three phase, 480 volts.

Don Fawson – Ok, same thing.

Riley Vane – The VFD also adds a cost on that too.

David Stirling - This did not have a VFD.

Doris McNally - So Don brought up one of the things I wanted to talk about, that is the US manufacturing, because the loan agreement does stipulate that. So please going forward, if you keep that topic in mind as you get quotations from different people, and make sure that happens. The second thing is, is that if we could get copies of the warranty or at least the briefing of what the warranty is on the items are. I really like to see what the warranty on all these items are ahead of time. The bid is one thing but understanding what each ones manufacturing parts warranty is important to us so, I'd like to know that. And then the last thing is, is that many times with these projects, especially with distraction with all the building in the area, they can drag this out forever. I'd like to see us put some time stipulations into all these projects so that we don't step on our toes and get into a situation where we're waiting on something that was supposed to be done two months back and maybe almost put punitive type of situations in where there's a fee or charge back that they don't do it by the time it's done. So maybe you could look into that and see and just keep that topic in mind as you go forward with some of these projects.

Riley Vane - Oh, I agree concerning the first item you mentioned made in USA, I will say we are working with Division of Drinking Water on that. They are receiving the guidelines for the ARPA funds. Currently, they haven't even developed their guidelines they're issuing with these funding packages that they have already agreed to. But we've been in communication with them and as they're making these decisions, they're sending it to us live. So, we are aware of a lot of the guidelines.

Doris McNally – Having these warranties in the office would be very helpful if something happens past the loan and that's why I wanted to have that stuff on file if we can.

Riley Vane – Yeah.

Doris McNally - And then the last thing was the timing.

Riley Vane – So, the timing, that becomes tricky as you mentioned because we are under the constraints of buy America, build America. We do have and everyone else has those same requirements too. So, material delays and uncertainty is what we're seeing with the Conservancy District. We are going to have to be cognizant of it as we are contracting these or putting these out to bid. You don't want to be punitive to a contractor who's 12 months out on the material. So, we'll do the best we can.

Doris McNally -That's one of the things when we met with the, Division of Drinking Water about having a little bit of wiggle room on this topic and they understood what we were talking about. I mean if we're waiting for one small part like a pipe or something like that that's holding the whole project up because it's not made in the US, we didn't want to have that hold us back and they said they would be conscious of that and recognize that, but I just think I don't want that to be used as an excuse of why we're not moving projects forward.

Riley Vane - OK.

Don Fawson - Kurt could you add to that motion, upon doing some research as far as cost and whatnot that we approve this, does that makes sense.

MOTION

Kurt Allen - Yes. I'll Revise my motion to add that we look into the cost of this estimate with comparable cost and make sure that we're being treated fairly with the market value of what we're accepting here, and I'd like to also add to the motion that this is a ceiling, cost not to be exceeded and we can work out the details within the contract at the time we negotiate the contract with them.

VOTE	MOTION TO APPROVE ACCEPT THIS COST ESTIMATE BASED ON THE CONTRACT AGREEMENT BEING ACCEPTED AND SIGNED BY ANZALONE WITH LDWA, WHICH WILL HAVE A LOT OF OTHER CONTINGENCIES IN IT TO CONTROL THE QUALITY AND SECURITY OF THE SITE: Kirk Allen SECOND: David Stirling MOTION APPROVED: Unanimously
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DISCUSSION	SILVER POINT ESTATES (SPE) [Don Fawson]
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Don Fawson – At this point in time we will open this to Silver Point Estates

Jared Westoff - This is that sewer map. I'm throwing you back, I wanted to get this to you.

Doris McNally – Jared, the East Main Street side project is the last one we're doing on our project list, so we have some time.

Jared Westoff – Some time, Great. Want to thank the Board for having us here tonight. It's nice to be able to come to the Board meeting and discuss things. You know that we've made some requests and then it was a little awkward that we followed that up with the letters to preserve documents. That might have seemed kind of harsh and just want to soften that and say that that was because of history. We'd like to leave the history in the past and were grateful for a Board that we can talk to and work with. So, hopefully that request can just be left there understanding that some of the history with the prior Board President didn't feel like discussions were in good faith, that's why we felt we had to make a request to preserve documents. With this new Board we don't want to go there that's not how we run our business. We're proud to say that, unless it's contract negotiations, we very rarely ever use attorneys, and we just as soon not use them. So, we appreciate this Board and being able to have a discussion. I am Jared Westoff, and this is my partner, Josh Wagstaff and we are now the project managers for the Silver Point Estates project. Bringing you up to speed on that project, there was a development agreement passed some time ago in the mid to early 2000s. In addition, a first phase plat was approved and recorded, and those improvements have been bonded and sitting there for some time. And so, we want to be able to push that project forward and build that safely. I know there's some concern with the past

activities on that property from the 1800s of mining. We share in that concern and want to safely develop that property. Our predecessor Mr. Sant and his partner Gary Crocker have put in not just a lot of energy towards a clean-up, but a lot of dollars. I think there's seven figures in the clean up there. We did send over the long 80, I think 83-page report on that cleanup. We've now asked for that to be summarized after I had a work meeting with you Mr. Fawson. So here I've got that summary again and, in this summary, we basically asked Mr. Richard B. White, PE, PLLC, our site management engineer, to help us summarize how it is that we'll go about developing that property safely, what type of monitoring will need to be happening, and additional testing that will be required. So, we wanted to provide that to you and obviously the 83-page report is also available to you. We will be required to follow these procedures by the State. It's quite extensive what is required to be done and what's already been done is very extensive and then there's additional requirements as we go through Developing the property to make sure that it's done in a safe manner. Are there any questions to this point before I get into connection issues with water lines?

Don Fawson – I printed that 80-page piece off and I haven't had a chance to go through it, I've looked at the summary documents and it looks like there is a good process. I think the key, you know you can have something written down, but then it actually has to happen during the actual construction. So, I don't know whether they will go through bonding and whatever to make sure those kinds of things are taking place. I did call and talk to Michael Newberry, who's with the State DDW. He's a water engineer, along with Paul Wright, who's with the Southwest area DDW. I talked to them a little about this situation just to get some ideas, if there's anything beyond this we may be overlooking. One of the things that Paul suggested was to talk with someone in Park City since they have the same or similar issues because of all the mining and tailings they have to deal with. So, I put a call in today and talked to a secretary who gave me some emails of people to contact. I sent out inquiries this afternoon just to see if the people that actually work in the trenches could give us any ideas for things that have worked and haven't work in their system. -We can then compare that information to what we have here. So, we may come back with some suggestions based on that. But I think, like I said, after looking over this I've had some real concerns. However, I feel much more comfortable in what's happening after reading the report. One of the things stated in one of the documents is that you have to, acknowledge to every purchaser that this was a Superfund Site. That has to be part of what happens. So, do you still feel comfortable in moving ahead with that requirement in place?

Jarod Westoff – Yes.

Don Fawson – Does anyone else have any questions or anything related to this at this point?

Kurt Allen - I too have that 80-page document and I've actually gone through the first third of it or so and now with this summary, I may not have to go through the rest. So anyway, I was happy to see the thoroughness that, your engineer, Richard White has put into this and was pleased with the way that he reported and the things that he reported on. One thing that I was very pleased to see, was that he laid out the construction process for installing utilities and building roads and laid out the parameters in which that will have to take place environmental wise. It listed the guidelines for how that's to be done and that there will be continuous testing and oversight while the process is taking place. I think that gives us, as a Water Company, a level of comfort that the trench itself is not going to have contaminated material placed back into and on top of it and around our pipelines. -It's going to be clean material that is acceptable to be backfilled within the trench, because that was one of the requirements that Richard laid out. The contaminated material as it meets the specified contamination levels will be removed and clean material put back in its place. So, I was happy about that and I too, like Don, feel good about this or better about this as we're proceeding. There's been a lot of work put into this report and we appreciate the information.

Doris McNally - So I think you recognize that, none of the people on this Board right now were involved in the past. So, some of the questions that have come out are going to be from lack of knowledge and history. One of the things in the work that I've looked at is some of the missteps may have occurred by not the best coordination between the Town of Leeds and the Water Company because we are two different entities. LDWA is a shareholder owned Water Company, the Town is a municipality. So, I would ask that going forward we try to do our best to make sure that we close those gaps and recognize and respect each one's approval process. One of the things in reading the document last night, which is voluminous I mean, at 12:00 o'clock last night I'm still going through it with a cup of coffee.

Have you had a chance to share the Management Plan with Town at all? Has anybody from Town Council or from Planning seen any of those documents?

Josh Wagstaff - The mayor has it.

Doris McNally - The mayor has it, so you don't know if it's gotten into the hands of The Town Planning Commission?

Jared Westoff – No, and Doris we're new to the project as well. So, when the plats were recorded, we don't know what documents went back and forth. So, we're here to patch all these gaps and move this thing forward.

Doris McNally – So, that's one of the things I would say, at least in looking at the documents in the past, and kind of understanding any missteps occurred with miscommunication. So, I think the first thing is better communication.

The other thing is I'd like to ensure is that the documents we have are the most current documents that you guys have, including the plans. I pulled plans out from the closet, and I want to ensure we have the most current plans and the most correct engineering plans. So, I would ask that either of you could arrange to meet and review them, look at them, or if you could send us a new copy,

Jared Westoff – I'll send you a new copy.

Doris McNally - I'd prefer to have a new copy with a new date. And I'd like to have them in physical printed form and also electronic form if you don't mind, just because it's good for record keeping.

And then the other thing is that anything you can do to help us understand the players, I appreciate you explaining that you're the project manager. That was going to be my first question; Who are you two individuals standing here? Because it's good to know the players and who we should be talking to, who we should be communicating with. That's why I think going forward we can make sure that what we're doing is meeting all the requirements of the Site Management Plan. To protect, the bottom line which is protecting the Shareholders water. I mean, all said and done, we just want to make sure that 20 years from now, everybody's healthy and safe and everything's working well. I think that after reading that document, it sounds like there's a workable process in place. Let's just work through it.

Jared Westoff - Sounds good and I'm glad you mentioned that because sometimes I think people can read my mind as far as clarifying who's doing what. So, Josh is actually the Project Lead on this project. I'm here just supporting that. I'm taking the lead tonight because of my familiarity with Leeds and many of you, but Josh is really the Project Lead for this project. I'm the Project Lead for the Sewer Project. So, I appreciate you asking that.

Doris McNally - There's going to be questions come up from shareholders, there is going to be questions come up from past Board Members, and just being able to have the channel of discussion I think is going to be very healthy for all involved.

Jared Westoff - Sounds good. We'll get you both a printed copy, I assume you want full size like two by three, and then an email copy.

Doris McNally - And that includes an electronic PDF copy, and if you have any engineering of the water plans that you have we'd like to see that as well.

Jared Westoff - OK, that's a great Segway, if we're ready to go into the second part of our discussion.

Don Fawson - I'd like to stop for just a second. I just want, for the sake of having it on the record, state that they're using soil samples, they're using screening, they're using gamma scintillation and X-ray fluorescence, whatever those things actually are, but it's a way of measuring what's going on. They are also looking at the type of contamination, in other words, the density of that contamination and then there's three or four different steps based on their findings as far as mitigation and including possibly placing materials under the road, at a specified depth in order to mitigate material removed from pipeline trenches. So, burying these materials along with the engineers, doing intermittent checks on the system and soils and what not to make sure they are all staying in place. I felt pretty good about the process and protection. I wanted to go back and just kind of touch on a little history. I have a book here that just kind of tells why the delay happened with Mr. Sant. from what I have read, the biggest holdup in this whole thing was tainted water rights. The water rights themselves did not have clear titles. In one case at least, there were three different water rights that this 100 and 105 AF of water for this project were being taken from one case there was some 20 different things, issues that clouded it. So, for instance, in one case land had been sold to Ash Creek Special Service District, and in State Law, if in fact it isn't stipulated where the water rights go, then the water rights go with the land. So, in that case it hadn't been stipulated, but Ash Creek didn't want the water rights. They just wanted the land so; they were able to Quit Claim Deed that back. But the problem, is that, in our bylaws it talks about Warranty Deeds. And so, I wanted to understand kind of the difference between the two. A Warranty Deed promises that the grantor holds good clear title to a piece of real estate or in this case water rights; it promises also the grantor has the right and authority right to sell it to grantee or the buyer. A Quit Claim Deed, on the other hand, makes no promises about the quality of the title to the property or water rights. We saw a copy of a Warranty Deed that came from Gary Crocker to the Water Company, signed by him. But my question is it just says warranty deed, I'll sign it and it's all good. I don't know what authority Gary has to be signing Warranty Deeds, I don't know. So, we just need to make sure you can verify that all of the questionable things relative to these three water rights are cleared up. One of the suggestions that had been made was that because there's three water rights and they have different issues involved, was that if you had a water right that would satisfy, for instance, the 24 homes or whatever we're looking at right now, and it covered those 24 and it could be Warrantee Deeded that you could go ahead and start with that while your verifying the other water rights. So, it didn't hold the whole project up trying to get them all cleared up. But it was very frustrating, obviously, for Mr. Sant to have to go through this because he had good faith that everything was fine and then it just didn't work out that way.

Jared Westoff - So, as far as Quit Claim Deeds and Warrantee Deeds and how that works, we've got a pretty good understanding of that. One thing that we rely on all the time is Title Reports to help us make sure that those chain of titles clear. My suggestion would be, as we dig into this, that one option will be to look at producing a Title Report on each one of the three different water right numbers so that we can have that third party go back and check the chain of title and have the verification document or something to look at to make sure that we're OK. Even when I understand this stuff I go down to the County Recorder's Office and I'll abstract all the way through when I buy property. Because sometimes I have trust issues with my title company searching. Even though I know how to do that and do that, I still have a title company look at it, so I have a second set of eyes to make sure I don't miss something. So, I think that's a reasonable request that we can satisfy, I know when we're done with Eagle Mountain, another project I'm working on, when giving them water, we have to provide a title report so that they can go through and look at that.

Don Fawson – Great so, Josh, if you could follow through on that, that would be great. That would remove the angst here based on that position. OK, you wanted to go ahead and look at connections.

Jared Westoff - Yeah, so on connection, when we had our work meeting the other day, we talked about how can we make sure that water can come into our system but can't come out into the main LDWA system (Backflow). And so, we had our engineers with Alpha Engineering look at that and I'll let Josh speak to you on that for a second.

Josh Wagstaff - So Alpha has been looking into this and right now we're currently working on updating the fire flow model and making sure that the water model is correct and how all that will work. This (Double Check Valve) is one option that we're looking at using, or potentially looking at using. So, it's like you're saying, so it makes it so water can come in but it won't go back out of the system.

Doris McNally – So, it's a double check valve?

Jared Westoff – So, the updating of the water model is to make sure the fire flow is still adequate with going through a double check valve. We don't want to engage that work until we know that this is an acceptable solution. We don't expect an answer tonight we're just here to say this is an option we think works.

Don Fawson - Let me look at that. I actually called and talked to Gary Ragar, who is with the DDW, Department of Environmental Quality, and in addition, I'm a Certified Backflow Prevention Specialist. This Is a Double Check Valve Backflow Prevention Assembly; it says so right here. The paperwork says "it's to prevent the reverse flow of objectionable but not toxic water from being pumped or recycled into a potable water system due to back siphonage and or pressure. So, the question is, is there a potential for toxic water? I think there is. What Gary said was that an RP would satisfy that concern. The Double Check Valve can be installed in an underground vault an RP cannot. It must be installed above ground and protected from freezing and vandalism. But I'm not sure that they have an RP that is large enough to be able to handle fire flow, I don't know.

Jared Westoff - RP stands for?

Don Fawson - (Reduced Pressure Principal Backflow Prevention Assembly) you'll see them out here around Town. We require them on a number of the facilities here in the Town, at the trailer parks and whatnot, but again, they're smaller systems. So, that might be something to check on, to see if an RP would work if Alpha felt comfortable with that if in fact, they make one that big and it can also take care of fire flow and stuff like that. I don't see why it wouldn't.

Jared Westoff - To answer your question on contamination coming back in. This is kind of where we're coming from on this, so we're going to get into the little devil of the details here. We believe having spent a considerable amount of effort and money on cleanup, and then continuing to spend effort and money on the cleanup and meeting these stringent State requirements that this is not needed. We understand that LDWA feels that they need it. There are a couple things that we would want if we're going to be held to this standard. We would want this to be paid for out of our impact fees or by LDWA. We don't want to pay for this. We don't think we should have to. We're willing to pay for it and put it in if it's a credit towards our impact fees. The other thing is we would expect the same standard to apply to Silver Reef and whatever we're asked to do, Silver Reef has to put on theirs. We and Ray Crosby are the only property owners in the area that we know of that have done the cleanup. I personally am aware of a lot of Silver reef that is hot. And that's one out of one test that I know of and that I have seen. And so, we have cleaned ours up and are going to continue to mitigate as we do construction. The Silver reef homes have not, and the conditions are similar. And so, we would expect if we're going to be held to this standard so would Silver Reef.

Don Fawson - Jared I appreciate what you're saying, and I understand the issue. I don't know what these things cost. But you know, we as we go through life codes and standards change and basically, they're

grandfathered in. Generally, you don't go back because they're required now and say, well, you have to do it because now I have to do it. So, like I said, we want to be reasonable on this and work through it. One of the interesting things about water is the EPA. Like Angel Springs, they've been fine for years, EPA standards change, and now they're not compliant. The EPA makes changes and all the sudden their water is not usable, at least from their Well. So, as I look at this, the standards aren't always the same. So, let's work through this positively, OK? Let's see if we can figure out the best way forward. You know, our preference on this would actually be a water tank and then a closed loop system. So, we would supply the water tank with water, we take care of the maintenance and actually take over the system once it's installed and approved. But that way there is an air gap, there is no chance of any back flow coming into the system. But we'll certainly look at something that can meet a standard without having to go to that kind of extreme expense. So, we're trying to make a compromise here on things and work through a reasonable solution.

Jared Westoff -Well, we appreciate that because the economics of that option are pretty tough with the site because of the distance to go to put a tank in and then adding that additional fire flow in that tankage. It would be doubling the fire flow of 180,000 gallons in Town and that's, tough and so if we got to that level we would want to look at that option of just getting the water rights back and working with the Conservancy District, which we prefer not to do because it's better to keep water rights in Town and work together, so we'd like to come up with a solution that makes everybody feel comfortable. And I understand the standards changing and all that, we get that principle. On our sanitary survey for the water company that we ran for 15 years, we watched the State change those standards, we were in compliance and then the next thing you know, we're upgrading and sometimes it was very expensive and so, to me, I think this is a good process because we're looking at a site that clearly has issues and we've had to spend seven figures to clean it up, we get that. And we're committed to continue that process as we develop and do construction so, that we do a good safe project here for those who live there and those who are off site. And so, if this is felt like it's a need that needs to happen as an extra measure because we're aware of these issues, our only request is if those issues are also found elsewhere, that the standards should evolve there too, and those safety measures should be taken there too.

Don Fawson - In the future it will. Go back and check on an RP and see if that is even a possibility. I will send you the entire name of that thing so that you will have it and you can check on it.

Jared Westoff - So you'll text it to me? OK, are there other things that we need to be addressing in order to get a Will Serve Letter or are these the items that we got to keep working through?

Don Fawson - I think you know what I'm trying to do with Park City is to get some idea of what they've done and what's worked and what hasn't. Whether it's simpler than what we're trying to make it, or whether there's other things that we ought to be requiring. I think we just need a chance to be able to do that, that's in the system right now. We are trying to move ahead as fast as we can on this, but we also have to make sure that we're protecting you, and the rest of the shareholders in Town. Just keep working with us on this.

Jared Westoff - So, we'll send this information that's been requested. Can we be a standing agenda item on the agenda till we get the issues worked through?

Doris McNally - I think once we get past the Annual Shareholder's Meeting. We have to be careful with the Annual Meeting coming up.

Don Fawson - Yeah, the Annual Meeting is coming up.

Jared Westoff - We don't want to be on that. Is that in February? So, we would have one more in January?

Doris McNally - We're still looking at January on the calendar.

Kurt Allen - Yeah, I don't have a problem with them being on the agenda for January.

Jared Westoff - And then we can communicate in between what we're finding out and move it along.

Doris McNally – The other thing, do us a favor and make sure that all the correspondence goes to the LDWAcorp@infowest.com e-mail address, either as a copy or a direct e-mail so, it's on record in our system. I know we all have individual emails.

Jared Westoff – Make sure it is either directly there or copied.

Doris McNally - And we'll do the same with you.

Jared Westoff – No Problem, so there are three things that I got you guys want back. 1) You want the construction drawings, paper and digital, 2) then you want a title report for the water rights and 3) then you want us to look into the RP over a check valve.

Kurt Allen – That's correct.

Jared Westoff – And thank you for working with us.

Don Fawson - And thanks for being reasonable on your end, we appreciate that.

Jared Westoff – We appreciate it.

Kurt Allen – Thanks for being here.

Don Fawson - Danielle, do you have something?

Danielle Stirling – I do, I am actually representing The Town Council tonight and as you were speaking, I texted Bill Hoster, the mayor, and we're interested in having open communication with you as well as LDWA because we think it's a very pertinent information for all of us as a whole because it's affecting all of us at this point. But I asked Bill may I quote you and he says 100%. So I said, "I am at the LDWA meeting and Jared Westhoff said you have received all info on this cleanup, can you send me the 80 page report?" He responds with "I have not received anything. I've asked them for anything they have." and I said, "I'll ask for clarification in this open meeting." He said, "Their contractor asked to proceed. I asked for any clarification from the State EPA verifying remediation has met standards. I have not heard anything since." So before you continue, we would really like to have open communication as a three-party system. We understand your private company, and we're not as a municipality trying to step on anyone's toes in any way shape or form, but I do think it's very, very important that we're all on the same page. One aspect that I did make a note on is you were talking about the contaminated dirt being taken away and they must replace it with new clean dirt. Does the contaminated dirt stay on site similar to the first contaminated site cleanup, because I know it's only yards away; they dug it, they put it in a pile, and left it. Is that what you're talking about as well with this 80-page report, they're just going to dig it up, place new, and keep the contaminated soil on the same site?

Don Fawson - It depends on the level of contamination, but as far as I know, nothing's going to be transported offsite. I don't know, let me just read this.

Doris McNally – Let's let them answer that.

Jared Westoff - In the report it says it can be capped like it was before or removed from the site.

Layna Larsen - So, who decides that?

Kurt Allen – The determined level of contamination.

Don Fawson - To repository; so, it says, "If all results indicate that the concentrations of all screen constituents are less than those determined to be protective of human health under residential land use scenario, the soil in that area will be cut to a depth of 1 foot and the cut material may be used without restriction within the area covered by the current UDER and SIRH. If the field screening indicates that one

or more of the constituents exceed the residential concentration limit or less than the construction worker concentration limit, which apparently is different, the soil will be cut to a depth of 1 foot and then either used as road fill within the area or placed in the site repository or disposed of at an off-site facility as permitted to accept the materials in areas where;... Anyway, then it goes down a couple more levels and finally, ends with, "Material that exceeds residential concentration limits that is ultimately used as road fill will be buried to a depth where the deepest buried utility in this section of the road will be at least three feet above the top of the fill concern so it can be buried under the road." But the Plan has different depths and how you can use that material.

Danielle Stirling - OK. And then the other question I have, I guess for all, is who is responsible at this point, because I don't have that 80-page report and we haven't received anything from what Bill has indicated.

Josh Wagstaff – I will Clarify, I sent him the same State report that you guys have and the four-page report that had the link to the 80 pages. I'll send him the 80 page as well, and the link to it.

Doris McNally - The link doesn't work. I want to make sure you know that link doesn't work. Because I knew how to get to the site and search the site, I was able to find the document. So, the link didn't work and last night I was able to get it and that's why I copied out to these guys. So, don't assume that just the e-mail with the link is going to work.

Josh Wagstaff – OK, So, that's the gap in communication. I sent him 4 pages with pictures and the 80-page report.

Danielle Stirling – He has heard nothing. And I asked if I would be able to quote. He said "He has heard nothing". So I sent that out to him today after I met with Scott Messer because he wanted to clear some things with Scott Messer. Spelling?

Danielle Stirling - OK, I will clarify that with him.

Josh Wagstaff – He has some of the other items as well, but the four-page summary we just got.

Danielle Stirling – He says he has received nothing. Just so you know. I'm just clarifying that he says; "Their contractor asked to proceed, I asked for certification from the state EPA verifying remediation has met standards, I have not heard anything since." And then here he says; "I have not received anything," so I'm just clarifying from what he's told me not from anything else.

Don Fawson – Well your email came out this afternoon, anyway, didn't it.

Josh Wagstaff - Yes

Don Fawson - So maybe he just hasn't checked his email recently. But anyway, if you'll get that information sent that would be appreciated and then also, we'd love to meet as a group.

Danielle Stirling – I agree, I think this is very important. One last question is, is there going to be someone there at all times Testing or I guess this will be a question for all of us when we meet together, but how do we know somebody is actually testing? Is it from a State, Federal, or just someone in your group?

Josh Wagstaff – No, the State has it lined out, it's in the report. So, for each stage there's different phases of testing and different ways that they have to test it. Like when they cut roads, they have to measure it like every hundred feet, and then when they dig a hole they have to measure, so there's multiple different ways and multiple different time frames

Danielle Stirling - And in that 80-page that you've read can you do that during the wind?

Josh Wagstaff – It addresses that in there as well to where if it's going to be like a high wind or the possibility contaminated material will need to be covered

Danielle Stirling – It will need to be covered or not dug at all?

Josh Wagstaff - I don't remember the report ever saying that it can't be dug at all.

Jared Westoff - Typically in construction we're using water trucks. Wetting stuff down and it is pretty extensive.

Danielle Stirling - I'd be very interested in being able to receive that and I believe the mayor is interested in receiving, in his terms, "anything" because he's asked and has received nothing. So, maybe you could clarify that with him too. OK. Thank you.

Kurt Allen – Just one comment here, I mentioned earlier about our utility trenches and the monitoring process and the cleanup process of those utility trenches. From LDWA's standpoint, that's our concern. The broader overview of the project, of course, is what Daniel is bringing up with the mayor of the entire project with the roads, and the entire site. The repository, you know those are big, bigger concerns that the Town is concerned with and LDWA needs to stay within our wheelhouse of protecting our water system and so with three party discussion and as the process moves forward will be critical.

Danielle Stirling – I agree.

Don Fawson - So based on that, who's going to set these meetings up?

Danielle Stirling - I believe it would probably be the applicant because it would be in their court to set that up, and we would be participating.

Don Fawson - OK. So, Josh, just request for a meeting when whatever stage we're in or if in fact either entity has questions, I'd like you to keep the other one informed as well. So, CC everybody in on those kinds of things.

Doris McNally – So, for that question it would be the e-mail address of the clerk in the office would be the proper one for the Town and the LDWACorp address for us. I have a question regarding just the meeting in general to Danielle. Danielle, if we wanted to get together as a three-party entity, would we have to do this as a work session or how would we because there's also requirements that you guys are held to that we're not.

Danielle Stirling - if there be more than three, we have to do it as a work meeting I believe and I'll double check. If there's just two of us, we don't

Doris McNally – Jared, once again, it's the communication. We don't want you to think that the difficulty is that people are trying to slow things down. Some of the protocol that the Town has to go through is different than the Water Company. So, that's why I asked the question up front. So, Danielle, if you can help guide them through that process that would be helpful.

Danielle Stirling - Absolutely. And I just want to put on the record that I believe the Town in general is completely open and ready to work amicably with everyone. It could be a great opportunity to do something good.

Kurt Allen - Thank you, Daniel that's great input.

Doris McNally – Josh, if you can send the office your full contact information. Jared. I think I have yours, but if you send me your full contact information, I'd like it for the office, so we have it.

V. SHAREHOLDERS HEARING DISCUSSION [All Members]

DISCUSSION

DISCUSSION

Don Fawson- Any comments from meeting attendees?

No Response

Don Fawson - OK, anything else, Doris.

Doris McNally - Merry Christmas all.

Kurt Allen – That’s an important Item right there.

Don Fawson - Anything Kurt.

Kurt Allen – I have nothing else.

VI. MEETING ADJOURNED [All Members]

DISCUSSION	Request a Motion to Adjourn Meeting [Don Fawson]
VOTE	MOTION TO CALL THIS MEETING TO AN END: Doris McNally SECOND: Kurt Allen MOTION APPROVED: Unanimously

Don Fawson – Everyone, Thank You so much for being here.

ADJOURNMENT: [8:21 PM Don Fawson]

Layna Larsen

757-NRS 8



Part of the 757 Series

Ordering Code: 0111526

UPC: 098268119602



Lead Free: YES

8 In SS Double Check Valve Assembly Backflow Preventer, NRS Shutoff Valves

This 8 inch stainless steel double check valve backflow preventer assembly is designed to prevent the reverse flow of objectionable but not toxic water from being pumped or siphoned into the potable water supply due to backsiphonage and or backpressure in accordance with national plumbing codes and water authority requirements. It is ideal for protection at cross-connections identified as non-health hazards and from other contaminants found at the service line entrance. This compact modular design with a single access sleeve for easy maintenance is approved for horizontal or vertical installation in accordance with the direction of the flow arrow on the assembly. It consists of a stainless steel body, tri-link check valves, non-rising stem resilient seated gate valves, and test cocks.

Features

- Tri-link check valves are removable and serviceable without the use of any special tools
- Stainless steel housing and sleeve
- Bronze body nickel plated test cocks
- Ball valve type test cocks

Specifications

Backflow Preventer Type	Double Check Valve Assembly
Body Finish	Stainless Steel
Body Material	Stainless Steel
Body Pattern	Straight
Brand	Watts
Buy American Act Compliant	NO
Bypass	No
Cap And Tether	No
EAN	098268119602
Elbow Fitting	No
Hazard Protection Level	Non Health Hazard
Hot And Harsh Water	No
Hydrant Connection	No
Inlet Connection Size	8 IN
Inlet Connection Type	Flanged Joint
Inlet Shutoff Valve Type	Non Rising Stem Gate Valve
Inlet Thread Type	Does Not Apply To Product
Lead Free	YES