



MINUTES

DATE/TIME/LOCATION:	February 19, 2025	7:00 PM	Leeds Town Hall
TYPE OF MEETING:	Board of Directors Meeting		
NOTE TAKER:	Layna Larsen		
ATTENDEES:	Board Members:	Don Fawson (P), Doris McNally (VP), Brant Jones (M), Michelle Peot (M), Dan Brown (M)	
	Staff:	Layna Larsen (Corp Secretary), Mark Osmer (Field Operations Mgr)	
	Shareholders:	Susan Savage, Jared Westoff, Ron Cundick, Bill Stone	
	Guest:	Austin Chappell (American Consulting Engineers)	

Agenda Topics

I. CALL TO ORDER [Don Fawson @ 7:00 PM]

CALL TO ORDER	Don Fawson - Lets go ahead and start, appreciate all of you being here tonight. We will start with a Roll Call on my left.
ROLL CALL	PRESENT: Dan Brown, Michelle Peot, Don Fawson, Brant Jones, Doris McNally Don Fawson - To start with a word of prayer, and I'll offer that for us.

II. PRAYER [Don Fawson]

III. PLEDGE [Don Fawson]

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

DISCUSSION	Don Fawson – Layna would you give us a rundown where the meeting notice was posted. Layna Larsen - We have one on the bulletin board outside of the Post Office, we have one inside the post office on the bulletin board, one on the LDWA door, and it is on the LDWA website. Don Fawson – OK at this time we'll take a motion to accept the last meetings minutes.
CONCENT AGENDA	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 month's minutes. Doris McNally - Can I just add in finances. Don Fawson - Yes
VOTE	MOTION TO APPROVE TONIGHTS MEETING AGENDA: Brant Jones SECOND: Dan Brown MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES and 2025 ANNUAL MEETING MINUTES: Doris McNally SECOND: Brant Jones MOTION APPROVED: Unanimously

V. DECLARATION OF ABSTENTIONS OR CONFLICTS [Don Fawson]

DISCUSSION	DECLARATION OF ANY CONFLICT-OF-INTEREST
Don Fawson – Any conflict of interest?	
CONFLICT	Dan Brown, Michelle Peot, Don Fawson, Brant Jones, Doris McNally – All stated “No conflict”

VI. OFFICERS REPORTS

a) PRESIDENTS REPORT [Don Fawson]

DISCUSSION	LARRY BRULEY RESIGNATION
<p>Don Fawson - As was noted in our Annual Meeting Larry Bruley found it necessary at this time to resign from his position and I am going to read that, He says: Hi all,</p> <p>I have been ruminating on some issues that pertain to the LDWA and myself. Our bylaws definitely need to be updated and expanded. I have some concerns about the conflict-of-interest issues we have reviewed in the past. I am concerned that the conflict of interest for someone sitting on Town Council or Planning and sitting on the LDWA Board is crossing over into unacceptable. The concession for LDWA and LWC seems a lot less concerning because these functions first off are deeply related. Not just on a functional level but on a personal level as well. Meaning most if not all LWC rights holder are also LDWA rights holders. That these are private companies, not a function of local governments. That and in regard to Points of Diversion that are shared by the 2 companies.</p> <p>I am also concerned that a single board member can arbitrarily take on projects under the self-appointed auspice of a connection to the LDWA that should be left to private parties or the state engineers.</p> <p>For the sake of this letter I shall stop there although I feel there is much more to be said about one particular individual currently holding a seat on the LDWA Board. But because these comments can easily be regarded as personal or a matter of opinion, I choose to keep them to myself. A little about my current situation. I am ridiculously busy with;</p> <ol style="list-style-type: none"> 1. Building another store in Cedar City. 2. Moving into the Vice President position at the Red Cliffs Rifle and Pistol Range, which will soon turn into my moving into the Presidents position. 3. Planning and building expansions to the RCRPR. 4. Helping my son prepare for another grandson. 5. Reinventing myself in regard to my spirituality and my physical condition. <p>That said I found myself reflecting on my behavior related to the LDWA. A little self-reflection led me to a place where I realized I was putting a tremendous amount of effort into plotting, planning and scheming on how to manipulate the outcome of future events. Inherently this is in diametrical opposition to who I want to be. That and it causes me undo stress and irritation.</p> <p>By now you may have figured out what is going to happen next. This is my Letter of Resignation. Effective as of 1/27/25.</p> <p>I will not be accepting any phone calls for a while because I respect you all and I am too easily influenced by pressure from my fellow board members. Personally, I would like to thank you all individually.</p> <p>Doris: you are a friend, a neighbor, a coworker, etc. I have a tremendous amount of respect for your talents and sense of duty. Thank you for always being there.</p> <p>Don: thank you my friend for your uncanny ability to defuse and your commitment to protecting our water from external and internal forces.</p> <p>Brant: you have always been a calm voice of balance and reason. A much-needed function for any board.</p>	

Layna: well, I just love you and Ken. Thank you for helping to keep our little company functioning. Couldn't do it without you.

It is with no small amount of trepidation that I will soon be pushing the send button on this email. I hope you can all understand and respect my feelings and wishes on these matters. Thank you all again. Yours Truly Larry

Don Fawson - to say again, thank you so much for Larry and his service and the company. And it is time consuming and it's also very, very challenging the kinds of things we face.

Michelle Peot - I'd like to have a chance to respond because that was targeted at me. I have taken conflict of interest training as a town council member as well as with my job recently. That does not meet the definition of a conflict of interest because I don't gain anything in particular by being on town council that would benefit me more than anybody else on LDWA and in fact if you drew a diagram of the number of citizens in town and those that were receiving water from LDWA it would be almost a perfect circle. My role on both positions is to act on behalf of all citizens in the town as well as all LDWA shareholders, that's my position.

Don Fawson - OK, Thank you, Michelle.

VOTE

MOTION TO ACCEPT LARRY'S RESIGNATION: Doris McNally | SECOND: Brant Jones
MOTION APPROVED: Unanimously

DISCUSSION

ELECTION RESULTS [Don Fawson]

Don Fawson - So, we have Michelle and Dan Brown now on the board. We appreciate their efforts. Dan was doing a lot of volunteer work with the water company previous to his appointment and was also attending meetings, so we appreciate him and his devotion to the water company. He has been helping Mark and also taking all the responsibility to keep track of the Spring flows and levels and also, he is taking the cross-connection training this next week, which is a 5-day full day training. So, we appreciate that.

Don Fawson - We just had our election of officers for this next year, and I'll continue on as president of the company, Doris McNally is Vice President, and Layna Larsen is now the Treasurer of the company. So, we appreciate their willingness to take on these tasks.

DISCUSSION

SILVER EAGLE ESTATES [Don Fawson]

Don Fawson - Doris, I have not seen anything on the SEE development deposit yet. Have you seen anything on that?

Doris McNally - The SEE, you're talking about the bond? No, I haven't as of yet. All the contracts have been signed. It's in their court; I will send a note out to SEE to see where they are at.

Don Fawson - OK. So, Mark, we're just waiting on that. Would you come up and give us a report.

b) OPERATION / FIELD REPORT [Mark Osmer]

DISCUSSION

REPAIRS / MAINTENANCE [Mark Osmer]

Mark Osmer - so we passed our BacT test again this month.

FORESTRAL SERVICE OAK GROVE BRIDGE RESTORATION PROJECT

Mark Osmer - We have all the pipes put under the Creek and the two flexible couplers are all joined back up and it is ready to go. So, probably the beginning of next week, I'm going to charge the pipe up, pressure test it. I've got chlorine in it already, So, we'll test that, make sure that's all OK.

WELL

Mark Osmer - I did run the well this week. It hasn't been run for like a month and a half. When I started it, I took a note of the draw, you know the level of it. I ran it for about 20 minutes till it cleared up. Then I turned the pump up and I pumped like 630 gallons to waste, at full blast. I let that go for an hour. The drawdown was about 10 feet. After about an hour, I shut it off and within a minute and a half it had already regained 8 feet. Within 5 minutes it was back up to its original level. So that is really good.

Don Fawson - That is amazing.

Mark Osmer - Yeah, we have a really, really good Well.

Don Fawson - Thank you Mark, He gave a more complete report at our annual meeting. There has been a lot going on and lot more to do.

c) TREASURERS REPORT [Doris McNally]

DISCUSSION

ANNOUNCEMENTS/BILLING/COMMUNICATION [Doris McNally]

BILLING for January was completed/mailed February 1st.

NEWSDRIPS

January invoices included an Annual Shareholder Meeting Notice. This was our second notice for this meeting. For February invoices I am proposing an article that announces our 2025 LDWA Board & Staff, as we have done in previous years.

VOTE

MOTION :: I MAKE A MOTION TO APPROVE FEBRUARY NEWSDRIP ARTICLE AS PROPOSED :: Doris McNally | SECOND: Brant Jones
DISCUSSION :: NONE
MOTION APPROVED: Unanimously

DISCUSSION


FINANCE [Doris McNally]

PAYCLIX


In January we had 96 shareholders pay their bills using this payment option. The total amount collected through PayClix was \$5,661.37.

	Credit Cards		Electronic Checks		PayClix®	
	Count	Credit Cards	Count	eCHECK	Count	TOTAL
Jan-25	50	\$3,108.66	46	\$2,552.71	96	\$5,661.37
	50	\$3,108.66	46	\$2,552.71	96	\$5,661.37

FINANCE [For the Month of JANUARY 2025]

	TOTAL INCOME			TOTAL EXPENSE		
	ACCT	BALANCE	% to TOTAL	ACCT	BALANCE	% to TOTAL
	Ord. OI:	\$21,515.58	84.1%	Ord. Field OE:	\$11,670.47	61.4%
	Other OI:	\$4,081.44	15.9%	Ord. Admin OE:	\$1,227.38	6.5%
		\$25,597.02	100.0%	Professional OE:	\$1,678.50	8.8%
				Labor Expenses:	\$4,437.63	23.3%
					\$19,013.98	100.0%
	Net Ordinary Income:			\$6,583.04		

The LDWA's Banking Accounts [as of 2/05/2025]

	CHECKING ACCOUNTS			SAVINGS ACCOUNTS		
	ACCT	BALANCE	% to TOTAL	ACCT	BALANCE	% to TOTAL
	Checking	\$69,607.37	32.1%	Emergency Reserve	\$320,740.27	64.0%
	DDW Loan Funds	\$147,216.08	67.9%	Loan Reserve	\$126,877.86	25.3%
		\$216,823.45	100.0%	Impact Fee Fund	\$39,174.63	7.8%
				Cap Facilities Replace	\$12,502.16	2.5%
				Debt Service Reserve	\$1,804.03	0.4%
				Open Acct	\$4.00	0.0%
					\$501,102.95	100.0%

VOTE MOTION TO APPROVE FINANCE REPORT: Doris McNally | SECOND: Brant Jones
 DISCUSSION: NONE
MOTION APPROVED: Unanimously

d) ADMINISTRATION REPORT

DISCUSSION **OAK GROVE WEIR INCIDENT INSURANCE CLAIM UPDATE [Doris McNally]**
Doris McNally – An Incident Report which outlines the event, images of accident & repair, the Sheriff’s Report and a Financial Impact statement with receipts, was submitted to the insured carrier (Progressive). This occurred on 1/13/2025, they are in receipt of the material and said they are in the process of assessment & reimbursement. The amount submitted totaled **\$20,456.61**.

DISCUSSION **2024 CONSUMER CONFIDENCE REPORT (CCR) [Doris McNally]**
Doris McNally – Yearly every public water system is required to submit & provide its customers with an annual water-quality report called the Consumer Confidence Report (CCR). The CCR provides a variety of important information about each community water system, including:

- Water system information
- Source(s) of drinking water
- Compliance with state and federal drinking water standards, explanation of violations, potential health effects, and corrective actions.

We have submitted our report to the Division of Drinking Water for the calendar year of 2024 for review and approval. Once approved we will share the information with shareholders, as required, and add it to our historic library on our website @ <https://ldwacorp.org/water-quality-reports/>.

DISCUSSION **2024 DDW LDWA WATER SUPPLY USE REPORT [Doris McNally]**
Doris McNally – On a yearly basis all water systems are required to share their Water Supply Use Report to the Division of Drinking Water. We are required to report all (residential, commercial, institutional, and industrial) data. Upon approval from the Board at last month’s meeting I submitted our report. At the upcoming Rural Water Association (RWAU) conference, Mark & I have a meeting with Brandon Mellor, Water Use Program Manager for Utah Department of Natural Resources Division of Water Rights. Once approved we will share the information with shareholders, as required, and add it to our historic library on our website @ <https://ldwacorp.org/water-supply-usage-reports/>.

Don Fawson - I just want to say it is a tremendous amount of work to get these reports in and Doris is so conscientious and thorough on this, and she does this every year, and it is really impressive what she puts together. All right, Brant, do you want to report next?

d) BOARD MEMBER REPORTS

DISCUSSION	LWC [Brant Jones]
	<p>LDWA/LWC Agreement</p> <p>Brant Jones - With the agreement, it is in the final stages now, we did meet again this week and reviewed some more things, and it is going back to Peter and Tom to review and finalize.</p> <p>Water Right Reports</p> <p>Brant Jones - We also met with Brandon on the LWC level and did all the reporting there, which was interesting to see the numbers that he's requesting and also the states, there is more detail required there. They are watching things pretty carefully on all levels of usage and reporting too. So that is very detailed that you're doing, thank you for that.</p> <p>Don Fawson - Appreciate that, I just sent Peter a notice that you had that meeting with Tom and maybe he could contact Tom and the two of them can figure out a time when we can get together and go over the details on that. Did that work out pretty well with the group as far as getting that detail down?</p> <p>Brant Jones - Yeah</p> <p>Don Fawson - Good, we are looking forward to finalizing that.</p>

DISCUSSION	INFRASTRUCTURE PROJECTS [Don Fawson]
	<p>Don Fawson - Riley's not here he did say that supposedly we were supposed to get something back from BLM to fight by the end of this month so hopefully we'll see something from him about some action on that so that we can get started on drilling the well.</p>

DISCUSSION	SPRING MEASURING [Don Fawson]
	<p>Don Fawson - Dan, you've been working with Mark on monitoring the spring, correct? Do you have anything to share with us on that?</p> <p>Dan Brown - Levels are pretty steady and consistent other than the breach and then some debris that was in the line thereafter. But everything seems to have returned to normal.</p> <p>Don Fawson - So monitoring the amount of water coming down has been pretty consistent.</p> <p>Mark Osmer - It is dropping slowly.</p> <p>Dan Brown - This week we had a drop, but it's been pretty consistent the past three weeks, probably 3 weeks prior.</p> <p>Dan Fawson - So one of the things is, this is kind of a test of the idea that the water in the spring is coming from water that dropped three years ago or however long up on the mountain. So, we should not see a rise in water as the rains come. it will be interesting to see what happens with that.</p> <p>Michelle Peot - I did speak to the Utah Geological Service, and we are not really measuring the Spring and the Well in a way that is useful from a data collection perspective because we don't really have an accurate way and a contained system, and we are not measuring the same spot every time. They said that the data that would be more valuable to them is off the Well.</p> <p>Don Fawson - Yeah, that's fine. I think we were doing the stream mainly for our own knowledge.</p>

Michelle Peot - Yeah, but if we are going to do that, we need to do something like put a fixed measurement device in there instead of measuring in different spots each time.

Don Fawson - I agree with that. We had tried to do that. We actually put a pipe in there with the holes in the bottom, and Mark, you were going to try we have an electronic device that we can drop down to measure distance.

Michelle Peot - We need to measure in the same spot every time otherwise the measurements are not valid.

Don Fawson - The pipe is right there it is mounted actually in the spring. So do you have that Mark.

Mark Osmer - I do have that. We could try that and see if that works.

Don Fawson - I think it would be more accurate. But I agree with you it has to be in the same spot.

Michelle Peot - And does the flow change at all within there, is it always in the same location because that could also change depth.

Don Fawson - the flow is always consistent. It is right down alongside that pipe.

Brant Jones - Is all of the water going into the pipe.

Mark Osmer - As far as I know unless there is a leak under there we don't know about.

Brant Jones - So, everything going into the spring box is going into the pipe.

Mark Osmer - Yeah.

Brant Jones - So, can't we just read the meter?

Don Fawson - No, that's not true. Everything that goes into the spring box is not going down the pipe. So, we have had, this last summer it was like 7 inches above the pipe, and it is not filling up. So, the point here is that there's water flowing around wherever the barrier is in there, back, I'd say down into the Creek and that kind of thing. So, we don't know.

Brant Jones - But you're testing the water inside the barrier. You are reading the water inside the barrier.

Dan Brown - Inside the Spring house, yeah.

Michelle Peot - Maybe we ought to look at that manual that I forwarded you guys from the USGS methods.

Dan Brown - Yes. We are not even close to compliance with that.

Don Fawson - Dan, I think that you and Mark could work together on that. But I would like to get these manual measurements at least right now because it's better than nothing. Mark, would you get that, I don't know what you call that sensor that's on that tape reel, and see if that will actually work. And you can just drop it down that pipe right now, that way it'll be in exactly the same spot and exactly the same distance every time. So, one of the things I've been thinking about, particularly with the spring being above the pipe intake, is that whatever size pipe we put in there, it's going to allow more water to go down that pipe. So, I think we

are going to get flows above what we've got right now, at least during certain times of the year. It will be interesting to see. Michelle, did you have anything else you wanted to report on.

DISCUSSION **WCWCD Meeting [Michelle Peot]**

Michelle Peot - Dan and I went to the Conservancy District Board meeting. It was a pretty short meeting because most of it was an executive session. The main update is that they got money allocated to do a desalinization assessment for Pah Tempe. So doesn't totally relate to us but might be of interest.

Don Fawson - As I understand it there is really a lot of salt in it, and it is going to be a big project to be able to get that done. They were trying to do it just to clear up the Virgin River in some way before. But anyway, Jared do you want to go ahead and make your presentation.

DISCUSSION **The Cove (aka SPE) [Jared Westoff]**

Jared Westoff - So, I think we have 2 agenda items, we just wanted to start the dialogue we are not asking for any decisions or anything tonight. We just want to start dialogue on two items.

We are going through the process with the town of a possible zone change and a plat amendment. We appreciate we have been able to work with the Board for a Will Served letter on I believe is 22 lots of our first phase as Silver Point. We have progressed on that project. We have our COC from the State for our cleanup, I understand that clean up a whole lot better now than they did a year ago and I really appreciate the efforts that Gary and Rick had gone through to clean that property up and make our whole area safer by doing that. And then we've looked at the project, listened to comments, a lot of them from Michelle. So, we appreciate that, and we have decided to reimagine that project and pull the home sites off of the hill and get as much of it in the flat as we can. And we'd like to leave half of it as open space roughly, I'm speaking in generalities and the other half basically kind of a cluster development where we have a one-acre gross density, but bring the lots down and you know the lots would be more like third to I think .6 acre in size. And then really, uh, have that as a really nice subdivision that people can still enjoy the hill on walking trails and all of that stuff, but not have anybody living up on the big hill. We think there's a lot of benefit to doing that. With that we need to talk to LDWA about new plat and new phasing and the way that would work. We would have 144 to 145 lots, right now our plat is showing 144 lots, and we are happy with that. We think that we can make that work and do a really nice project that future residents can have a place they can enjoy and is a good part of the community. So, in that I believe we forwarded an e-mail on the actual preliminary plat and if we haven't, we will follow up with that and then this is just something that we just like to start the discussion on.

Analysis Handout - Attached

Jared Westoff - So, in every project we do in any city or water company we look at a wet water right and we look at a paper water right and we are very well aware that the current bylaws of LDWA require a paper water right of one acre foot per home, which we understand that. That is not a lot different than a lot of cities and other water companies, municipalities around the state. The state chart actually has historically required .45 for indoor use and then whatever the local jurisdiction thinks is applicable for outdoor use, some communities will have a chart of what that outdoor use would look like based off the size of your lot, assuming you're going to be irrigating the whole lot. Recently, the state has adjusted their rules to say cities or water companies can adjust their water usage based off of their actual real data and real numbers of what is actually being used. Because I think the theory there is we don't want people hoarding water or requiring more water than is actually being used. So, we asked American Land Consulting to study this. This basically points out that they would need more data to be able to accurately study it for LDWA. What is typically on the state website for water usage for a lot of cities like Saint George, Washington, Hurricane, LaVerkin is not reported for LDWA for whatever reason. And basically, you take your total water usage divided by the number of ERC's (Equivalent Residential Connections) and then you get your average acre feet That is actually the demand for the wet water that's being used. So, we ask American Land Consultant to look at that and we'd like to further look at

that because we want to make sure that we are obviously putting enough water into the system, but we don't want to put more water than is actually going to be used if we can work that out. And an example of this is we owned a water company, we ran it for over 10 years and per the state charts, we had to turn over 119-acre feet, but we had 10 years' worth of usage data. That water company had used between 53-acre feet and 59-acre feet. 59-acre feet at the highest year and the lowest year 53-acre feet. So, the actual usage was way less than the conservative state charts require for your typical engineering when we turn that over and so on this particular subdivision, we are not allowing any lawns, everything is desert landscape. Somebody could put in some artificial turf, but otherwise it's a couple trees here and there and desert landscape with basically a drip system. So, we're not seeing a heavy water usage demand so, we're hoping to be able to work something out with LDWA that would recognize that it will have covenants and conditions and restrictions that will not allow a big lawn, nor will it be an acre in size where people are going to water. Knowing LDWA's history, I know at one time LDWA required 1.4-acre feet per connection. Then it moved to 1.2 and now it's at one. When Silver Reef was annexed and then the water companies merged, Silver Reef actually bought, if my memory is correct, it was .49-acre feet per home. When Eldorado Hills came in, they brought in .89 per home and a couple of the homes was actually a little bit less when Glenn originally did his phases. So, it is not a foreign concept even among LDWA to have the paper footage different? Obviously, there were mergers and annexations and prior existing conditions when those came in, but it's admirable that LDWA has always worked with those different conditions and made something work that makes sense. And we believe that it would make sense to look at what our actual demand would be for an indoor usage. One of our other projects we did a study on it, and it came up with a .27 was the average indoor usage. The local municipality said yeah, but we want a little bit of a buffer, so we ended up with a point .31 for indoor usage. And then we did a chart based off of the lot and the size and the number of plants, and we came up with the outdoor usage based off of the size of the lot. So here we don't have a bunch of differences in lot sizes and we're hoping to make it pretty simple and be able to understand what the average indoor usage would be for the area and then apply what our desert landscaping would actually use and then if we need to have a buffer we are more than comfortable with that and understand that discussion. That's the discussion we're hoping to start so that as we process our new plat with the city that if we're successful in the zone change and that new plat that we can also work through a new Will Serve Letter with LDWA.

Don Fawson - One of the questions we had is, we know that it says we have 105-acre feet on. Is it possible to get a genealogy on those water rights.

Jared Westoff - Yeah, we can turn over everything we got on it.

Don Fawson - What we are looking for is we are looking at going back into the state and seeing where this started from as far as ownership and then it brought up to wherever you guys have got it now. And if you can initiate that, so that we're absolutely comfortable with, the fact that the state has this on record. Is there anything else we need to add to that?

Brant Jones - Yeah, is it transferable and usable. Not just a piece of paper or a deed or whatever, but is it actually what the state will recognize, transfer, and will it be useful.

Jared Westoff - So, I'm coming to the water right discussion late on this project. You know Rick Sant who ran the project passed away. So, I will go to the attorney that handled that and ask for that chronological Genealogy if you will. I do know we gave you a title report on the water rights and a lot of that will be in that title report. When those water rights were turned over, I do know that it was a little bit interesting that LDWA handled the actual transfer, and it took them over 10 years to do what's normally done in months. And so that was odd. I think that they also left a couple points of diversion on the water rights. I don't think that's a negative necessarily, but we obviously aren't trying to use the water rights in the old point of diversion. We gave them to LDWA to use here.

Brant Jones - The state doesn't always recognize the diversion transfer right and the title for the deed search verifies that the paperwork is correct, but the state verifies that the waters legitimate and usable and transferable.

Jared Westoff - That transfer did get completed. I did see that. But it was odd the way that was done and then later used to conjecture that there was a cloud on the title of the water rights.

Brant Jones - We are just having a hard time verifying some of this as far as we are not able to see that all those are viable.

Jared Westoff - OK, we'll look at it. I would think that if there was a problem that was the way LDWA handled the transfer because it was pretty obvious who was doing that.

Brant Jones - Yeah, well it is a state issue though, right. And as far as the transfer goes, I guess your company could do the transfer, right?

Jared Westoff - The transfer is done.

Brant Jones - To the state, the state transferred the water or are you talking about transfer of deeds?

Jared Westoff - No, the state transferred the point of diversion to LDWA as well.

Brant Jones - And recognized the water rights as usable and viable.

Jared Westoff - That's my understanding, we'll dig into it.

Doris McNally - I think the work that we've done before was on the original phase one, which you said was 22. So that's why we're asking the question.

Jared Westoff - No. I think the whole 105 was done at the same time. It wasn't piecemealed.

Don Fawson - We just appreciate that clarification. You know, time has passed and people forget and whatever. We just would like to make sure that's documented so we all feel comfortable.

Brant Jones - People change on the board too.

Jared Westoff - I know there was a lot of water rights originally and then part of them went back and so it's probably hard to track.

Brant Jones - So, you are saying that the LDWA just didn't do it or what? Because it is kind of turned over to the state to do it, right, make application changes.

Jared Westoff - I just think it was really odd what was going on and that it should not have taken them 10 years to do that change application and then later try to conjecture that because two points of diversion were left, there was a cloud on the title. And that was what was represented in multiple times when I first took over and it took me a minute to figure out what in the world they were talking about and how they were cross conjecturing the problem that they orchestrated.

Brant Jones - It is a bit cloudy to us too.

Michelle Peot - I have a question about this analysis. So, you have a LaVerkin here. LaVerkin actually has secondary water and the only thing that would go under the Department of Environmental Quality (DEQ) is their drinking water, but LaVerkin has unmetered secondary water. So, I think if you're saying this is both indoor and outdoor, I think this is incorrect.

Jared Westoff - It could be. Again, we just asked for an initial memo to say what's our range, what it looks like?

Michelle Peot - Yeah, but technically if it's going through DEQ, it's all drinking water. And so, any place that has secondary water, it's not entirely accurate that this is both.

Jared Westoff - So that would be then weighing it incorrectly. But the point of this was to introduce the discussion and say we need further information to really study this correctly,

Don Fawson - OK. Appreciate that very much.

Jared Westoff - What do you guys see the process as we're working with the town on our zone change and possible new plat or I mean, do we need to get that zone change in place so that we all know that is real and then we can get construction drawings and then start working on our real Will Serve Letter. What's the process you'd like to see?

Don Fawson - Yeah, I mean, obviously we want to go through the infrastructure again once you get that put in place. But I think the first thing is you've got to get the town on board. The other concern we have, are these going to be single family dwellings on all of these lots?

Jared Westoff - Yes, we've looked at options for commercial, we've studied it quite a bit on this peninsula gestion and we are not finding a viable commercial option in the location.

Don Fawson - We are not talking about commercial more multiple family dwellings.

Jared Westoff - No multiple family, all single family.

Don Fawson - Anybody have any other questions?

Michelle Peot - What is your plan for waste treatment?

Jared Westoff - We have been working with Ash Creek, and we would intend to extend a trunk line, or would you call it a collection line, to the Harrisburg lift station. We do have an option to go north and participate with Grape Vine Wash. We are not ruling it out, it's just there's a lot of questions before we get there, and we can answer the questions going South.

Don Fawson - So if it goes South, it will go down Main St.

Jared Westoff - No, there's three different options we've looked at. There would be partial Main Street on one of the options, jumping in front of town hall over to valley, out valley and then, either work to go through Sullivans or just come around Sullivan's in the public right ways on Mulberry. The other option would be come through one of the secondary access points out of the project down into Hidden Valley. And then Udot has approved a bore under the highway. That's a very temporary approval one that we just ran a cursory approval passed them to see if it was possible. So, I'm not meaning to imply it's a full approval, just a viable option that we could seek to finish the engineering, get approval there.

Don Fawson - That would be awesome because if it goes down Main Street, what about this issue about everybody within 300 feet of that line has to hook on it.

Jared Westoff - So that only applies if you use state funds, and we are not using state funds.

Don Fawson - So, it would exempt everybody who is along that.

Michelle Peot - You are intending to cover all the global infrastructure to run the line all the way down to the pump station, is that correct?

Jared Westoff - That's correct.

VII. SHAREHOLDER COMMENTS

DISCUSSION

SHAREHOLDERS

Don Fawson - Ok at this time we will open up to Shareholders. Ron come on up.

Ron Cundick - I may have forgotten a few things with my memory, but I was present at the time that we had an application, when Silver Point wanted to have the water rights in place for the first phase they had. We asked for all the phases to be in place before they start with one phase and as I recall it was about 105-acre feet. And the arrangement was that if they wanted the water right, they had to get a warrantee deed, they had to handle all the transactions with the state to make sure they were done right. We weren't about to put our efforts into making their water rights viable for what we had to have. So, I don't know where Jared's getting the information that LDWA screwed up during that time. That was the arrangement, if you want the water, you get it, you put a warranty Deed on it, and you handle all the transaction with the state to make sure those water rights are valid. So, that's on their level. And that's why we required the warranty deed. We used to get a quitclaim deed, but we were concerned about water suits going on and not necessarily with them, but water suits in general. There was litigation about then and so we got nervous about quitclaim deeds, and we said, all right if you want water rights we need warranty deeds. So that is the aspect on that.

The second thing is that. Yes, there was some arrangements for some of the people to put in less than a full acre when they joined, and I wasn't here when this happened when Silver Reef and the others joined. However, our policy has been since I was involved with everything which was in about 2010. If you want water, you put in an acre foot, period, No exceptions. One of the reasons for that is that we as a Water Company are entitled to have water for a future development. And we are not sure where all that will go. But there is a need if you are a development and there's not going to be a definite line where you don't cross. It doesn't work that way. And it would be a real step backward and you would be really criticized by the shareholders if you attempted to work anything where you let somebody in for less than an acre foot.

The next one is the caveat. The town has not, as far as I know, they have not been asked, it has not been submitted yet as a formal request for rezoning and until that is approved it's pretty hard to calculate the water and the water use on it because that has to be approved. So, I'm expecting they'll submit that very soon, but you need to watch what the town does on that and see where they are going because they should go in tandem, so they are not going in different directions. And I think you understand that. Also, when they come in, they are going to have to have a definite plan on where the sewer or whatever they're doing is going. I know the town will not approve until they know definitely what's happening. The sewer that is going in into Silver Cliffs (Grape Vine Wash) is going to be set up so that there is no requirement that people within 300 feet join that. They're going to handle everything and if I understood what Jarod was saying, he was going to use the same approach when he did it. But I know that the town at least right now is not going to approve anything that requires people to join up. I'm not saying it won't happen here, but there are very few sewers that get put in without some kind of funding from the State or the Federal Gov. And under those conditions, the town has to participate. That is not automatic that they have that, but usually that's the condition of the funding and that becomes automatic. So, you have to keep your eye on the ball for that aspect as will the

town. So those are some of our immediate concerns and I think until we get our arms around this project, it is significantly different from the original project they had over there both in scope and now very small lots, very small homes. And so obviously it is going to affect the water use, but as a Water Company we don't negotiate on the size of the homes or the lots. It is an acre foot period. That's just the way it is. And so, if I understood what Jared is saying, he wants to negotiate that and open it up. I'm just telling you the shareholders won't go for that, they have already put in their regular acre foot, with those few exceptions that were negotiated 20-30 years ago. So those are my comments.

Michelle Peot - I appreciate that context, Ron. I think the other thing that we need to be careful of is we're a lot more limited than say someone like the Conservancy District is in terms of bringing in more water rights. So, I don't think we should be redlining things to the point where we're allocating at the edge because there may become a point where even though we have paper water rights for a certain amount, we may not be able to get that much out. So, if we run it too close to the edge, then we don't have a buffer and we don't have the luxury of someone like the Conservancy District in getting large amounts of taxpayer money, for example, to get more water rights or to litigate water rights from other people. So, I think we need to be cautious.

Ron Cundick - There's no plan to merge our water system with the Conservancy. And we have no clear idea of whether we have enough water to match our water rights. And as the water company, we are allowed to store water for future use. And that's our cushion right there because the Well may or may not continue to produce the Spring, may or may not. But as long as we have water rights for future use, we can tap into those that we have here, and I just want us to understand that I think the Board does, but I know the shareholders do. Because they have to pay for that one-acre foot and the reason they were happy to do that is because they had the security backing in that water and not have to depend on the Conservancy for this. And all the new construction that we can't serve as LDWA, the Conservancy will be doing that. But that is their system, and they can play by their rules, and they can play by their allocations, but those aren't ours.

Don Fawson - Thank you, Ron, appreciate that. One of the things we are doing, Jared, I think you know we're going to drill a Well, hopefully we've been about two years into this permitting process up to this point. but we hope something is going to come through fairly soon and obviously the Well coming in and giving us more source is going to be an important piece of that.

Jared Westoff - I do want to clarify that if we ultimately need one acre foot per home that we have excess water rights to contribute to the company. We are not here to just pound on the table saying it's got to be this way. We're just looking at the way it's working around the State and the way water rights are normally exacted from developers, and they normally require what the actual usage is. And so that's all we're saying, we are not saying that we want a big fight or big argument. We are just saying this is how it normally works, it's reasonable to request and we want to request it based off of what we are going to actually use. Like when Leeds first started, they used a lot of culinary water to irrigate and usually, the irrigation shares were among big irrigation farms. They weren't really per houses. Then, Sullivan sold off some of their farms and then all of a sudden irrigation shares started getting split up for houses too. And so originally most of these big Lots and big yards were irrigated through the culinary connection and I think that's why it was 1.4-acre feet forever and then it became 1.2 and then somewhere along the line it ended up at 1. I was not involved with it when it ended up with 1 so I don't know the reason. It may have been because they had to balance out the fact that Silver Reef didn't bring water. When they developed they did it outside of Leeds and I think it was .49-acre feet per home and that may be what they used but maybe later, I don't know, but maybe they said we don't have 1.4 acre feet per home anymore so I guess we'd better make it 1 share so that we can have Silver Reef. El Dorado Hills who came in originally at .86 and then there was a couple homes at .89. So then when they came in, I think they made all of them go to .89 with however they got that merged and then after it got through to that subdivision. That is just history of saying, hey, Leeds has worked with this, however they need to work with it. We are coming in and saying we're going to have a special condition where we don't have irrigated lawns and stuff, so we think it would be a little bit extreme to say we need to bring in 1-acre foot per home because there's no basis to say that we are going to need 1-acre foot per home. If we can look at the average

use that LDWA's currently sending to homes and come up with an average use and then further study it, to figure out how much is indoor versus outdoor and get to what's real there. I don't know of any city or any municipality that can extract more than what you're actually using. I don't have any problem with a buffer. I mean we did a buffer from .27 on homes to .31 for indoor. Applied a similar buffer on outdoor. I just think the State is saying we need to use our water wisely and use it well and they've changed the rules recently to say you don't always just use .45 for indoor just because you put it on a state chart 20 years ago. If you have real data and real usage numbers, cities and companies are adjusting to their real numbers. And I know that's new, that's only been happening over the last three to four years. But that is the dialogue we are wanting to have just to make sure that everybody understands, if we need to ultimately bring 1-acre foot per home, we have more water rights that we can transfer into the system and have the same genealogy, and make sure the state accepts it into the Well and move forward with the project.

Susan Savage - I think a buffer is really important. We have seen the fluctuations here over the years, the history of the water, and you're seeing it all around the West and you're seeing it in the Conservancy District. They have gone right up to the end of the water that they had. So, what do you do then after that? So, the buffer seems really important to me.

I just want to say about the sewer, remember when Mike Chandler came, and Bill had developers come to talk about it too. One of the things that was said about that and correct me if other people heard it differently is if someone puts in their private sewer line down Main Street and they fund it all themselves, He said, even so, the town ultimately, if they get into a sewer line, they are not going to want 2 sewer lines. So, he was advocating that there be stubs for people or some kind of arrangement that does involve people who already live here and have septic tanks.

And then I just was going to mention to you that I just checked with Alan Howard because he flies the area out here with an interest in what's happening with the Toquerville reservoir and there isn't anything happening the equipment has been pulled out. Marcia's brother-in-law is one of the people who are kind of heading that up, so he gets a little information from him, follow up probably, you know, they probably don't talk about it a lot, but at least that's his observations.

Brant Jones - I have one more comment on the buffer. I think if this was a request for five homes a year for the next However many years it takes to get to that number of homes in this development, then that would give us time to see what the wells do. But trying to approve a whole bunch of homes I mean, this multiplier is big and so I think the only other way to do that is to buffer it with extra rights and then the rights don't guarantee that it will come out of the ground. So, I don't know if he was still here, if we could say to him, are they willing to stretch this out? They build a certain # of homes this year and wait a couple of years and see how the Wells are doing and then build a certain # more. I doubt that they are going to be excited about that, but.

Don Fawson - Most developers are not interested in that.

Brant Jones - I mean, maybe the Water Company just in general only gives out a certain amount of water shares a year, I don't even know if that's legal. But if you say, OK, we are going to build 10 homes a year and so you can make your application and whoever gets their application in gets to build their homes, or whatever number that might be.

Ron Cundick - Just so you're clear on this, the original plan was for a hundred 105 homes and so we said we have to have all the water rights for that. And they were conveyed in warranty deeds for that. Now he wants to make 144. Which is quite a bit more and he would like to put a lot less in for that. But right now, there's been no new plat approved, there's been no zone change approved, don't put a lot of time into this until the town moves on it.

Michelle Peot - Currently the zone change application was submitted, it was incomplete, so it got kicked back.

Brant Jones - Ron, is that inconceivable to say we table this as a water company.

Ron Cundick - You don't want to do that, you want to get it up front, nailed down.

Brant Jones - No, I'm not saying not get it up front. But if they are doing a zone change and applying for plat changes. I keep hearing '*compared to the rest of the state and then compared to the county*' if we are just going to run it like everybody else in the whole State of Utah, we don't need a private water company. We should be different.

Ron Cundick - The reason we are a private Water Company is because we don't want to do that. And he is trying to tell you that the rest of state is doing this so why don't you get on board, I mean, you're not with it, everybody else is doing this so why aren't you. Well, if we were with the Conservancy, we would have to do it because we would be told to do it. But that's why we are different and that's why the State allows us to hold water for future development. And that also would include if we had a shortage of water then we have the reserve we can get into. But once we've play it on the edge, you know what happens when you play on the edge, you eventually lose.

Michelle Peot - I don't think their numbers are quite accurate, but what wasn't mentioned is along with these uses, come restrictions on landscaping and things. So, we would have a whole lot of stuff that we would have to implement to get everyone down to very low levels like this. And in addition, they're also doing sewer so they can do wastewater collection and treatment. So, there are a whole lot of moving pieces in here that are not, things that we're capable of doing.

Don Fawson - I just wanted to mention there was a time when we actually had a limit of 10 a year and it was never a problem because we didn't have 10 building permits a year, so it worked out. But there was also a time when the city went ahead and authorized a house to be built here in town and they didn't realize that they had to get water from the Water Company. So, they came to the Water Company and the Water Company just said no, we don't have any water to give you. So, the house was built, and they didn't have any water for about two years as I recall. They had a garden hose from their neighbors tap running over to the tap on the side of their house and that's how they got their water for two years. Great family, everybody loved them, but they couldn't have water because there wasn't any. It was an unfortunate situation. We certainly don't want to get into anything like that again

Dan Brown - Don, if I could also add, this buffer that they're talking about building in, that buffer would diminish very quickly with ADU use. And we know that auxiliary dwelling units are becoming more and more in vogue. So, that buffer could actually become upside down very, very quickly.

Don Fawson - Yeah, I don't know that the buffer would be involved, but definitely they would possibly be able to increase the number of dwellings on their lots, right? Alright, anything else? Appreciate it all.

VIII. MOTION TO ADJOURN MEETING

DISCUSSION	Don Fawson - Alright, I'll accept a motion to adjourn.
VOTE	MOTION TO ADJOURN: Doris McNally SECOND: Dan Brown MOTION APPROVED: Unanimously

ADJOURNMENT: 7:57 PM



Layna Larsen | Corporate Secretary

