



MINUTES

Date/Time/Location:	July 15, 2026	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), Staff: Mark Osmer (Field Operations Mgr), Layna Larsen (Corp Sec), Shareholders: Susan Savage, Chris Harvey (Councilperson), Wayne Peterson (Mayor), Amy Jones		

Agenda Topics

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

CALL TO ORDER	Don Fawson - Welcome, let's start with roll call on my left. Don Baldwin is out of the country. He is in Cambodia till about the 1st of August; he's doing some humanitarian work over there with his wife.
ROLL CALL	PRESENT: Michelle Peot, Don Fawson, Brant Jones, Doris McNally ABSENT: Donald Baldwin

II. PRAYER [Doris McNally]

III. PLEDGE [Don Fawson]

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

DISCUSSION	Don Fawson - Layna, would you just refresh us on where the meeting notice was posted. Layna Larsen - It's outside of the Post Office on the cork board, It is on our door, It is our website and we have it printed on all of our statements. Don Fawson – Thank you, Can I get a Motion to approve the June 2026 minutes Michelle Peot - I had a few small minor edits that I sent over to Layna. Layna Larsen - I received them and made the corrections.
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.
VOTE	MOTION TO APPROVE TONIGHTS MEETING AGENDA: Doris McNally SECOND: Brant Jones MOTION APPROVED: Unanimously
VOTE	MOTION TO APPROVE PRIOR MEETING'S 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	Michelle Peot, Don Fawson, Brant Jones, Doris McNally - All stated "No conflict"

VI. ADMINISTRATIVE REPORTS

(a) TREASURERS REPORT (Layna Larsen)

DISCUSSION	ANNOUNCEMENTS/BILLING/COMMUNICATION [Layna Larsen]
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BILLING

Layna Larsen - The billing for June was completed and mailed June 1st.

NEWSDRIP

Layna Larsen - The JUNE mailed invoices included an article regarding our "Consumer Confidence Report".

For our upcoming JULY there are three options prepared. The first is about the drought we are experiencing in Washington County. The second is an article on conservation and water monitoring. The third is an article on keeping our fire hydrants ready for emergency response.



Consumer Confidence Report (CCR)

Every public water system provides its customers with an annual water-quality report called the Consumer Confidence Report (CCR). The CCR provides a variety of important information about our community water system, including:

1. Water system information
2. Source(s) of drinking water
3. Compliance with state and federal drinking water standards, explanation of violations, potential health effects, and corrective actions
4. Variances or exemptions to a maximum contaminant level (MCL) or treatment technique
5. Required additional information, such as explanations of contaminants in drinking water and educational information on nitrate, arsenic, or lead in areas where they may be contaminants of concern.
6. Any monitored contaminants detected in the drinking water during the past 5 years of sampling.

To view the LDWA's 2025 CCR use QR code or go to: <https://ldwacorp.org>
To learn how to interpret the report visit: <https://tinyurl.com/mpm7s9b>



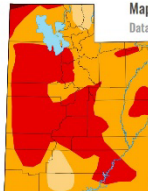
Need to contact the LDWA, it's simple.
Phone (435) 879-0278
Please leave a message, your call will be returned promptly.
• To report an **EMERGENCY** water leak or a loss of water **PRESS 1**
• For a **BILLING INQUIRY**, **PRESS 2**
• For a **GENERAL INQUIRY**, **PRESS 3**
Your message is immediately routed, and a LDWA representative will be in contact.
Email LDWAcorp@infowest.com



U.S. DROUGHT MONITOR
WASHINGTON COUNTY, UT

Washington County, Utah, is currently experiencing 100% of its area at the **D2 (Severe Drought)** level, according to the U.S. Drought Monitor. The severe conditions have persisted, prompting local officials to declare a local state of emergency due to diminished streamflows and heightened wildfire risks.

Map released: Thurs. July 9, 2026
Data valid: July 7, 2026 at 8 a.m. EDT



Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

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EVERY DROP COUNTS

Utah is heading into spring with a concerning water outlook after a historically warm winter and unusually low snowpack, according to the National Weather Service's March 2026 Water Outlook Briefing. Drought conditions remain widespread. About 98% of Utah is currently experiencing at least moderate drought, with extreme drought expanding in parts of the state. Help stretch our water supply by implementing simple changes indoors and out. Learn More:



Outdoor Conservation Tips
Indoor Conservation Tips

Remember: When in drought, conserve.

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KEEP FIRE HYDRANTS READY FOR EMERGENCY RESPONSE

With the 2026 wildfire season already active across Utah and dry conditions increasing fire danger, the Town of Leeds is reminding residents that public fire hydrants are for authorized use only. No one other than authorized employees of the LDWA or Hurricane Valley Fire & Emergency Special Service District may open, operate, or connect any hose, tubing, or pipe to a public fire hydrant for any purpose without first obtaining a fire hydrant use permit. This helps ensure hydrants remain available and in good working order when firefighters need them most. Opening a hydrant without permission can waste more than 1,800 gallons of treated drinking water per minute, reduce water pressure needed for emergency response, damage hydrants, and create serious injury risks from high-pressure water or flying caps. Residents are asked to help protect the community's water supply and emergency response resources by reporting concerns and leaving hydrant operation to trained personnel.



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Doris McNally - Yeah, the 1st one is just an update from Washington County about Washington County's drought monitoring report. The 2nd one is a restatement of information about how to conserve water indoors and outdoors and also how to purchase a flume or what the flume can do in water monitoring. And then the 3rd one was brought up by one of the council members about fire hydrants and how people just think that if there's a fire, they can pop open a fire hydrant and go for it. So, it is about how you need to keep the fire hydrants safe in our community and that they are not allowed to do that, it's illegal and things like that. So, it's kind of reinforcing that our fire hydrants are there for the protection of our community, not for anything else.

Don Fawson - Okay, so, who has jurisdiction over the fire hydrants?

Wayne Peterson - I believe the fire district.

Don Fawson - Really? It's an interesting question because they don't own them, and they don't service them. So, I don't know.

Wayne Peterson - They take the use of them.

Don Fawson - Okay, just one of those thought questions.

Wayne Peterson - If I could just apologize for texting but Chief Decker has said that you folks have jurisdiction over the fire hydrants. It's your water; therefore, it's your jurisdiction.

Don Fawson - Any thoughts on which one you'd like for the NewsDrip?

Michelle Peot - I think there's probably less public information out about #3 because there's so much information about drought in the news. Not that it's not important, but there's already a lot of information I think people are getting about the drought.

Doris McNally - I think #3 is timely. We have done something similar to this about two years ago, but it's an important enough topic that I think should be repeated.

Brant Jones - Yeah, I like them all. They're good.

VOTE

MOTION :: I MAKE A MOTION THAT WE ACCEPT #3 WHICH IS THE HYDRANT ONE AND WE'LL KEEP THE OTHER ONES IN QUEUE FOR THE FUTURE :: Doris McNally | SECOND: Michelle Peot
MOTION APPROVED: Unanimously

DISCUSSION

FINANCIALS [Layna Larsen]

FINANCE [For the Month of MAY & YTD 2026]

P&L FOR THE MONTH REPORTING

	TOTAL INCOME			TOTAL EXPENSE		
	ACCT	BALANCE	% to TOTAL	ACCT	BALANCE	% to TOTAL
	Ord. Ol:	\$35,178.34	96.1%	Ord. Field OE:	\$5,530.18	29.6%
	Other Ol:	\$1,444.91	3.9%	Ord. Admin OE:	\$5,846.96	31.3%
		\$36,623.25	100.0%	Professional OE:	\$386.00	2.1%
				Labor Expenses:	\$6,919.72	37.0%
					\$18,682.86	100.0%
	Net Ordinary Income:			\$17,940.39		

YTD P&L

	TOTAL INCOME			TOTAL EXPENSE		
	ACCT	BALANCE	% to TOTAL	ACCT	BALANCE	% to TOTAL
	Ord. Ol:	\$148,429.69	86.6%	Ord. Field OE:	\$40,073.52	35.6%
	Other Ol:	\$22,883.09	13.4%	Ord. Admin OE:	\$14,652.40	13.0%
		\$171,312.78	100.0%	Professional OE:	\$5,511.00	4.9%
				Labor Expenses:	\$52,322.26	46.5%
					\$112,559.18	100.0%
	Net Ordinary Income:			\$35,418.86		

The LDWA's Banking Accounts [as of 6/6/2026]

BANK ACCOUNTS FOR THE MONTH REPORTING

	CHECKING ACCOUNTS			SAVINGS ACCOUNTS		
	ACCT	BALANCE	% to TOTAL	ACCT	BALANCE	% to TOTAL
	Checking	\$11,743.07	5.6%	Emergency Reserve	\$279,232.89	57.6%
	DDW Loan Funds	\$199,469.47	94.4%	Loan Reserve	\$160,767.15	33.2%
		\$211,212.54	100.0%	Impact Fee Fund	\$144.67	0.0%
				Cap Facilities Replace	\$27,513.96	5.7%
				Debt Service Reserve	\$17,110.48	3.5%
				Open Acct	\$4.00	0.0%
					\$484,773.15	100.0%

Don Fawson – Okay, any questions on that? I'll accept a motion to accept the financials

VOTE

I MAKE A MOTION TO ACCEPT FINANCES AS REPORTED:: Doris McNally | SECOND::
Brant Jones
MOTION APPROVED: Unanimously

DISCUSSION

DRAW ON LOAN [Don Fawson]

Don Fawson - Thank you. I have a question outside of the finances. Have we gotten the information from Jones and DeMille on the next draw? I mean, the one coming up.

Layna Larsen - No, I talked to Riley today and he says maybe this week, but probably next week.

Don Fawson - Okay. Thank you, Layna . Mark, do you want to go ahead with your report?

b) OPERATION / FIELD REPORT [Mark Osmer]

DISCUSSION

REPAIRS & MAINTENANCE [Mark Osmer]

Mark Osmer - We passed our bacT again this month. Just want to say thank you again to Bob for putting the tablets in every day. I check the chlorine levels in the system periodically and then we can adjust what he needs to put in.

PUMPING WATER

We turned the well on this month because we have been using the Spring, and the well pumping water gives water back to LWC.

GIS

Mark Osmer - Then I've been working with Doris, we went down to a meeting with Riley to do the GIS training and get that done so we've been adjusting some of our pipes on the GIS, so it shows exactly where the pipeline is. Silver Eagles Estates were meant to get back to us with a plan of where they put all the pipes so we can get that transferred on, but I'm still waiting to hear back from them.

WELL HOUSE

Mark Osmer - And then I had a meeting with you, Don and Riley about the well house. We went over a couple of little Changes on that.

GENERAL

Mark Osmer - That's about it in general, just maintenance on the system and keeping everything topped off and everything like that. We've had a couple of fire hydrant meters rented out because people have been doing construction. There was one on Boulder and Vista Way, there was another one up on Canyon Creek, and now we've got one down on Pecan Ln because they are trucking water over to Angell Springs for one of the lots in Leeds that they're digging out.

CELLULAR METERS

Dan Fawson - You did all the meter readings.

Mark Osmer - I did all the meter reads. And we got all the cellular meters in, and they are all hooked up. You can see them online, but we need Jonas to come down and teach us how to get the most out of it.

Doris McNally - The software is a little complicated to use. So, we need to really have the engineer come in and show us how to navigate the software a little bit better.

Mark Osmer - Yeah, it's kind of complicated.

(c) PRESIDENTS REPORT [Don Fawson]

DISCUSSION PUMPING WATER [Don Fawson]

Don Fawson - Okay, the other thing is that there are times of the year that we have to pump water. We receive more water from the spring than we are entitled to and because of that, we need to give that water back to LWC, and we have a means of being able to do that. And sometimes what happens is that during those times of the year when people are using a lot of water, we need to pump water, but we're not pumping water to LWC, we never are, we are returning Spring Water that's come down that didn't belong to us. So, I just want that to be clear. It might seem like a small thing, but I think it's a big thing to understand that.

DISCUSSION FORREST SERVICE PERMIT [Don Fawson]

Don Fawson - Also, Mark and I met with Del Orme from Cedar City, and he works with the Forest Service on whatever the final part of this permit that we are trying to get requires. They had other questions. And so, we kept going through the Forest Service in St. George, and they would go through them and then it would come back. It was just not a good communication system. So, he came down and we actually met with him here, went through everything. He was on the phone with his boss, and we asked him, how long it was going to take now to get through this? And they said, two to three weeks. And that was about a week ago. So, hopefully, within the next couple of weeks at the most, they can actually get this put together. The interesting thing about that, maybe I've mentioned this before, is that they wanted to know the size of all the pipe and how many feet it was and those kinds of things. Because they said this was a time when they're redoing our lease agreement, and they charge so much for every foot of pipe we have in the ground and whatever. It sounds like a way to get a bigger lease agreement. I don't know. We'll see what happens.

Mark Osmer - They charge on the size of pipe as well, don't they?

Don Fawson - Yeah, they do.

DISCUSSION BACKFLOW DEVICES [Don Fawson]

Don Fawson - So, one of the things that I wanted to do also, and this is just kind of an aside, there are some people in town that have different backflow devices on their property. Some that should have, some that don't, but that's what Dan and Mark are working on. And probably all of us should, to some degree. But some of these have to actually recertify every year. And it's basically having a specialist come out, hook some gauges up to test pressures through the particular device, certify it, and send the results in. And that has been fairly expensive to do. I mean, it's about \$100 a test or something to that effect. So, I talked to Scott Lawton, who lives down here on Vista Ave., and he actually does that kind of work or at least he has people in his organization that do. And I just said; *Scott is there some way that if we set it up to do this on a specific day so you didn't have to kind of herkie jerky where you come in and do one and then come back another day and do*

another one of those kinds of things, can we get a better deal? And he just sent me a note this week and he said. Yeah, we could do that for probably \$50 each.

I know the town does dog licenses that way. And from what I understand, you get better cooperation if it's set on a specific day, and people can get a better deal and just come in and do it. And my thinking is that obviously we want to do the same thing. We want to be able to encourage participation in this and make it as easy as we can for people. So, I'd like to open this up for discussion and get your thoughts on maybe setting something like that up through the water company.

Brant Jones - So, we have one of those devices that we are supposed to have tested, and I think it'd be a fantastic idea to have a schedule where he will drop the rates. And part of it is just everybody remembering to call somebody and set it up and get them out and follow up if they don't show up and find out if they actually did it, and how the test turned out. Yeah, I think that would be fantastic. One thought though, maybe not everybody feels like I do so there probably ought to be a way to opt out if they want to do something different. I don't know.

Don Fawson - So Mayor you don't have to bring your dog in to get licensed that day, do you?

Wayne Peterson - That is correct. We have a veterinarian here who is willing to do competitively priced services for the vaccines. You don't have to have him do the vaccines. You can just bring in the paperwork showing you took the dog to whoever you chose to do the veterinary work.

Don Fawson - And I think that's exactly right, Wayne. Nobody should be required to come in or fine them or whatever. It should just be a matter of trying to make that service available. More conveniently.

Christine Harvey - Do people know if they have this device.

Don Fawson - They know.

Brant Jones - We had to pay for them to put it in

Layna Larsen - Protecting the safety of our community's drinking water is not optional, it's a legal requirement under the State of Utah's drinking water and cross-connection regulations. And when residents or businesses do not comply, we are obligated to shut off their water service until the issue is resolved. That's why Scott Lawton's willingness to offer a cost savings on a designated day is very considerate. He's giving our shareholders an easier way to meet the requirements and avoid service interruptions. Hopefully they will take advantage of it, so we don't have to crack down and shut off water.

Don Fawson - Yeah, I know. So basically, there's a lot of codes and laws in the town, that are not being enforced and the reality of it is, first of all, it becomes confrontational and also it just becomes not practical to do it. So, one of the things I was talking to Scott about, was the kind of compliance he saw throughout the county and whatnot, and he said, with the commercial properties, high compliance; with the homeowners, they just kind of hope they do it. And that's about it. They don't get really aggressive.

Christine Harvey - Do you know all the people in town that have the device.

Don Fawson - Yeah, we do. Layna has a list, and she actually sends a notice out to them.

Doris McNally - The communication we send out should make clear that the association is not mandating the use of a specific certified tester, as doing so would be improper. The association has negotiated with, and leveraged its relationship with, one certified tester as an optional service for shareholders who choose to use that provider. The communication should clearly state that this is only one available option and that

shareholders may select another certified tester or locate their own qualified provider. Layna will draft the communication for review to ensure this distinction is clearly conveyed.

Don Fawson - Okay. And Layna it Would probably be best if you and Scott could get together on that. I don't know if you have his number, I can give it to you if you need it. But anyway, if you can do that.

Doris McNally - I could even put that information up on the website, if you would be open to that. What does everybody think about that?

Don Fawson - That'd be great.

Doris McNally - We could put information about him and how to contact him up on the website so we could just aim people easily over there.

Don Fawson - Any further discussion? Okay, I'll accept a motion then to move forward with this.

VOTE	I MOTION TO MOVE FORWARD WITH WORKING WITH SCOTT ON CROSS CONNECTION TESTING :: Brant Jones SECOND :: Doris McNally
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DISCUSSION	FRANCHISE AGREEMENT [Don Fawson]
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Don Fawson - All right. Wayne, just for your information we are working with our attorney on the agreement between the Town and LDWA. And they did send us a draft, but we have some issues that we want to work through with them. We are working with them on that, our main attorney up there has been sick and so they have turned it over to a secondary person and that's taken a little time to catch them up to speed. So, I appreciate you being patient with us.

(d) BOARD MEMBER REPORTS

DISCUSSION	REVISED RESOLUTION ON WATER SERVICE AGREEMENT [Doris McNally]
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Don Fawson - We have a water service agreement that we have all had a chance to look at and review. And it's water service eligibility resolution. It is something that Doris has put a lot of time and effort into to actually pull three different iterations of this together that have been cobbled together over time and just solidify this, so it just basically clarifies the responsibility of LDWA and also shareholders in relation to water connections. And Doris, did you want to add anything to that?

Doris McNally - For simplicity, because of the bylaws and when they were written and the policies and the resolutions many times, we're not pointing to one document to say there's the answer. The answer resides in all three of the documents in different states. So, what this is doing is combining all of that information into one document so we can share that with potential new homeowners or developers and not have to point them in five different directions to get our stance. So, it's a restatement of an older resolution that was done in 2015.

Don Fawson - And basically it kind of indicates that a person has to have a qualifying residence or building permit to be able to access water through the company. That was one of the other parts of the discussion that we had on this, just making sure that we have a mechanism within the town to notify us of when a residence is going in. For instance, this one down on Vista. I don't know if you're familiar with that, but we were not aware of that until we saw this hole being dug down there. Anyway, we went down and worked with the people and helping them get water from the hydrant and those kinds of things. But if there was some way to have that as part of the building permitting process, where the inspector has to check off that he's contacted LDWA or something, I don't know what it is. But if you can figure out something that might work with that we'd appreciate it.

Doris McNally - We discussed that also as a part of the franchise agreement is to kind of identify or clear up that

process. We got a blue stake report on a property, and we didn't know it was going up. And the question was *is this a house, there is already a house there*. So, finding a way that we can share that information so that we aren't double stepping on each other or miscommunicating.

Wayne Peterson - We are also currently working with the building inspector to have some other things that he needs to be focused on like grading permits and the like. So, we can expand it to make sure that we are keeping you folks in the necessary loop here.

Don Fawson - Yeah, everybody should have an extended checklist any time they're doing anything. And I say that facetiously. But it does really help us if you could do that. Any further discussion on the water service agreement, Any motion to accept it?

VOTE

SINCE I WROTE IT, I'LL MAKE THE MOTION TO ACCEPT THE REVISED RESOLUTION ALONG WITH THE ADDITIONS MICHELLE WAS KIND ENOUGH TO ADD, AND ALSO THE ADDITIONS DON ADDED EARLY :: Doris McNally | SECOND :: Michelle Peot

DISCUSSION

PRV [Doris McNally]

Doris McNally - I think we need to continue educating residents that there is maintenance equipment in their homes that they are responsible for keeping up to date. For example, a few months ago I shared that when my husband and I replaced our water heater, I asked the plumber to look at our pressure-reducing valve, or PRV. He explained that PRVs typically have a useful life of only five to seven years. We have lived in our house for nearly 13 years, the home is more than 20 years old, and I do not know whether the PRV had ever been replaced. That experience made me realize that many people may not recognize that important water infrastructure components are located inside their homes and require routine maintenance. We published a NewsDrip article on this topic a few months ago, but I think we should continue sharing this information, so residents better understand their maintenance responsibilities.

Don Fawson - So a PRV, it's a pressure regulating valve, and it's usually right where the main valve is to the water in your house, and so whatever valve pressure we are feeding into the line to your house and sometimes that fluctuates. This will reduce it down and keep it steady. They're usually set for about 50 psi, and sometimes out on the line it can be maybe 100, sometimes a little less than 50, but nonetheless what happens is they'll go bad, they don't know it, there will be a pressure spike or something, and something breaks in their house, and then they want to come back to LDWA, and we're not paying for it.

Christine Harvey - Doris, what was it to replace that item in your house?

Doris McNally - I think it was \$240 / \$245. But once again, as Don just alluded to, it's not just because of the pressure changes within the LDWA. When you turn on your equipment in your house, you turn on your washing machine, and dishwasher, and all that other stuff, you're actually changing the atmospheric pressure within your home system. So, it's not just us, it's in general, it's a typical thing you have to change the washers on your faucets every once in a while. And I think people forget about that. I think they take it for granted. They turn the faucet on, it's working, and they don't realize that there might be something else they need to deal with.

Don Fawson - And your washer and your dishwasher and whatnot, they have something called a solenoid valve on them and it opens and shuts to let water in. And if it shuts quickly, and if you don't have, a lower pressure then it can really slam and create something called water hammer in there. It not only sounds bad, but it's also damaging. So, we just encourage you to do that and share that with your neighbors. That would be a great conversation starter. All right, Brant. Did you have anything you wanted to share?

DISCUSSION

LWC [Brant Jones]

METERS

Brant Jones - Just been working with Craig Sullivan who does the meter reading for the irrigation company or the

LWC, and then we go to the calculator from the state to determine when these water levels drop and how much each company gets to use of the water. Don mentioned that we never pump any water to the LWC. I think it's been the agreement that that Spring water is just so premium and that we all enjoy the Spring water in our homes and so that's why we take more from the spring as much as we can for the homes and for our drinking water. But that does pull the irrigation company below what their rights are, and Mark and I have been working together. There was one time that it dropped down about 100 gallons a minute and I appreciate you working quickly to help us get that going back up again. There also might be sometimes in the future because the rain season comes on, if it looks like we are going to shut the irrigation system down I'll let you know so you can shut the pump down. There's no reason to be pumping water if it's going back into the stream. We'll probably see the irrigation company use this absolutely as much as they can. So even if there's a little storm cell come in they'll probably continue to let it run because it's so dry. And a lot of people are just not getting the pressure that they normally get anyway and the volume of water. So, once they get a full stream for a minute, they like to water up. But if it looks like we're going to have a little stretch and if we go up and shut that down, I'll let you know so we can save pumping time and money. But I appreciate you working with us.

Mark Osmer - Oh, yeah anytime.

Don Fawson - Thank you, Brant. We do appreciate Brant working with the LWC, the irrigation company and helping to keep that communication between the two companies in a positive way. And I misspoke a little bit. I should say that we return to LWC the volume of water that they have a right to. We are not just taking Spring water down and then running back into their system. So, it's water for water that's what it is.

Michelle Peot - I actually have a quick item for Brant. I know that people have been posting on Facebook and I've gotten questions individually. I think people are confused when they see that. Posting up there for LWC, they confuse it with LDWA, so they're thinking that LDWA is requiring cutbacks?

Brant Jones - Are you referring to the post office?

Michelle Peot - Yeah. So, I don't know but maybe on the next one, you could put something that it is for agriculture.

Brant Jones - That's really good feedback. I think you're right that would be confusing for many people. Although, I guess everybody's kind of cutting back on watering with the drought. But that shouldn't be confusing. They should know the difference between the culinary and the irrigation. It is hard to communicate even amongst the irrigation users how much they actually get to use but we'll change that.

Doris McNally - Thank You.

Don Fawson - Okay, Michelle.

DISCUSSION

WASHINGTON COUNTY CONSERVANCY DISTRICT MEETING [Michelle Peot]

DROUGHT

Michelle Peot - I have a lengthy report on the Marathon Conservancy District Meeting so firstly they talked about the drought situation. This is pretty telling, so the water levels in the Virgin River are so low that the cutoff for diversions is now at 19 6 water rights at the year 1900. So previously, 2025 was record low, but the 2026 levels are now approaching that. Hopefully, we are actually going to get a real monsoon this year, which will help with some of that.

SOLARA

Michelle Peot - The next big item was Solara. The Solara developer came and previously the Conservancy District had given them an interim service agreement for up to 74 homes. That would be the amount that they could build without having a secondary access. And then the understanding was that they would then pursue

annexation with Toquerville, and once that happened, they could potentially get water for the entire development. So, they came in saying that they really wanted to parallel track these things, and they wanted their agreement amended and the full Capacity in their master development agreement is up to 1500 homes. I appreciated the fact that the Conservancy kept deferring back to the Toquerville reps and saying, what do you guys want us to do? And the Toquerville reps said, we want you to let us continue with this annexation negotiations. There were some disputes that were raised about the negotiations with Toquerville over impact fees and the percentage of vacation rentals. And the board pushed back quite a bit saying that they did not want to set this precedent of retailing water for such a large development. So, after a Lengthy discussion, they passed a motion to deny the request, but said in parallel they would review their engineering designs because apparently that interim agreement was made on the fact that they could do some minor modifications without having to accommodate significant extra pressure in the system. So, Solara is going to then submit Designs based on full capacity. So those things will be done in parallel, and I talked to the city manager of Toquerville and he stated that they expect to have a public hearing should they decide to move forward with this in about two to three months.

Don Fawson - Do all of you know where Solara is?

Michelle Peot - Yeah, so if you head up toward Anderson Junction, Solara is on the left. So, it's off of Mills Lane, it is on the north, just north of the wrights.

Don Fawson - Did that spill over into BLM ground or if not BLM, maybe Indian tribe. I don't know whether it was the Indian tribe that had some of that up there,

Michelle Peot - No, they purchased property from the wrights and then in order to get a secondary easement the town of Toquerville has applied for right of way through BLM land. So, there was a legal dispute over an easement.

Don Fawson - So they have 1500 homes up in there and they have a single access?

Michelle Peot - No, they had 74, and in order for them to get approval for any more than 74 they would need secondary access.

Don Fawson - So, they can do a single access on that 74.

Michelle Peot - Which seems crazy, to be honest to just have two accesses.

Don Fawson - All the way from Anderson Junction down.

ANGELL SPRINGS

Michelle Peot - Yep. So, the next item was of interest Angell Springs annexation. So, Jones and DeMille did a cost analysis and came up with roughly 4-million-dollars in order to re-pipe the whole system, add meters, etcetera, versus 145 million for the radium filtration system which they'd already received a grant, some of which will be forgiven. And they are deliberating whether to annex in Angell Springs. They ended up passing a motion that there would be a preliminary agreement to explore annexation, but the Angell Springs shareholders would have to agree to that.

Don Fawson - Annex into just the Conservancy District?

Michelle Peot - Should the Conservancy District take them over?

Don Fawson - So it's still up in the air.

Michelle Peot - No, now it's back on Angell Springs to talk to their folks to decide whether that's something they want to pursue.

Doris McNally - I have a question. I know that in the past because they reported to the commissioners, I thought Iverson was overlooking Angell Springs. But then I also saw Gil Amquist at one of their last meetings. But then I heard that Troy Belliston attended. Do they appoint one specific commissioner to oversee?

Michelle Peot - I don't know offhand. I'm not sure how that works because it is an SSD they are kind of reporting to the County Commissioners. But I don't know if it's just a commissioner that attends because I've also been to a meeting and none of the commissioners were there. So, I'm not sure that that's a normal thing or they just happen to be there because of this consideration.

Doris McNally - So what I had heard, and I know that you were there, so I appreciate your firsthand hearing. I heard that pretty much it was pushed back, and it is up to the Customers. They said if you want to do this, the customers are going to have to do it and I also heard that it was positioned that they are going to have to bear some of the costs.

Michelle Peot - Correct. And that was interesting because Solara, for example, got a 2-million-dollar grant from the Conservancy District. But then when it came down to Angell Springs, they were saying, oh, you have to pay for all of it. Even though they are also paying property taxes, and they are also paying for their own system.

Doris McNally - Okay. Thank you and thank you for attending those meetings, they can be long.

Michelle Peot - That was Press Daily who said that specifically. So, two more items.

APPLE VALLEY

Michelle Peot - So, Apple Valley, apparently has two wells. One has high quality water, and the second one has radium in it. And they ran into an issue where their high quality well ran dry. They figured out that one of the likely contributors was one of the farmers in the area who actually dug a deeper well and started pumping more water. So that person has agreed to stop that for now and they are fast tracking a groundwater management plan and a USGS hydrology study for the area. And Teresa Wilhelms, who's over the engineers and Division of Water Rights, it sounds like they're again sort of reluctant to invest the money, but they are trying to get the folks to work out a solution.

ASHCREEK

Michelle Peot - The last item was around Ash Creek. My understanding was they were going to decommission that because they were building the Toker Reservoir instead but a New Harmony resident who the Conservancy District has an easement through her property came to the meeting and asked for clarification on that because she wanted to know, how her property might be affected. And apparently, they are doing a reservoir analysis, they want to do a borehole site on her property for stability assessment, and then they are going to determine whether they would then go ahead and line that reservoir and use it kind of as an overflow should we get significant rain.

Don Fawson - Where's this at?

Michelle Peot - That's up by Pintura, that reservoir that used to be up there. It's sitting on volcanic rock, so it's pretty permeable.

Don Fawson - The one up on top of Black Ridge?

Michelle Peot - Yeah, I think it was kind of like a haphazard reservoir where they just kind of put a dam in a depression. But the previous understanding was that they were going to decommission it for Chief Toker, but it

sounds like they're thinking about potentially having it as being sort of a backflow reservoir. And then they are putting the frontage road in, and so then they are planning to pipe that down.

Don Fawson - Okay.

Doris McNally - Michelle, since you mentioned groundwater, I want to bring to your attention, the Rural Water Company reached out to us. Apparently, the University of Utah is looking to do a study and looking for participants for small Rural Water Systems relevant to groundwater source, and they're looking for people to participate. Would you be interested in doing this? It is Dr. Catherine McDowell. I'll send you her contact information, but it just came in today there's some kind of study going on, and I know you've mentioned this a few times.

Michelle Peot - That would be great. And I do know the Conservancy District is also interested in the Leeds area having a groundwater management plan, but I think as these kind of emergency ones come up, they kind of jump the queue.

Doris McNally - I'll send it over to you. Thank you.

Don Fawson - Okay, thank you, Michelle. Is there anything else that the board has? Okay, shareholders, anything you have, anything you'd like to question or answer?

VII. SHAREHOLDERS COMMENTS

DISCUSSION	SHAREHOLDERS
NO COMMENTS	

VIII. MOTION TO ADJOURN MEETING

DISCUSSION	<u>Don Fawson</u> - Okay, with that, I'll accept a motion to adjourn.
VOTE	MOTION TO ADJOURN :: Brant Jones SECOND: Michelle Peot MOTION APPROVED: Unanimously

ADJOURNMENT: 7:52 PM



Layna Larsen | Corporate Secretary