MINUTES

Date/Time/Location:	September 16, 2026	7:00 PM	Leeds Town Hall
Type of Meeting:	**Board of Directors Meeting**		
Note Taker:	Layna Larsen		
Attendees:	Board Members: Staff: Shareholders:	Doris McNally (VP), Brant Jones (M), Michelle Peot (M), Donald Baldwin (M) Mark Osmer (Field Operations Mgr), Layna Larsen (Corp Sec) Susan Savage, Chris Harvey, Wayne Peterson, Amy Jones, Jim Thomas	

Agenda Topics

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

CALL TO ORDER	**Don Fawson** - Welcome, to our meeting tonight. I'll start with a roll call. Starting on my left…
ROLL CALL	PRESENT: Donald Baldwin, Michelle Peot, Doris McNally, Don Fawson ABSENT: Brant Jones

II. PRAYER [Donald Baldwin]

III. PLEDGE [Donald Fawson]

IV. CONSENT AGENDA & PRIOR MEETING'S MINUTES [Doris McNally]

DISCUSSION	**Don Fawson** - Okay, I'd like to get a motion on last month's minutes and tonight's agenda
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 that are in front, can I get a motion to accept the consent agenda
VOTE	MOTION TO APPROVE TONIGHTS MEETING AGENDA: Doris McNally | SECOND: Donald Baldwin **MOTION APPROVED**: Unanimously
VOTE	MOTION TO APPROVE PRIOR MEETING'S MINUTES: Doris McNally | SECOND: Donald Baldwin **MOTION APPROVED**: Unanimously

V. DECLARATION OF ABSTENTTIONS OR CONFLICTS [Don Fawson]

DISCUSSION	**DECLARATION OF ANY CONFLICT-OF-INTEREST**
Doris McNally – Any conflict of interest?	
CONFLICT	Donald Baldwin, Michelle Peot, Doris McNally - All stated "No conflict"

VI. ADMINISTRATIVE REPORTS

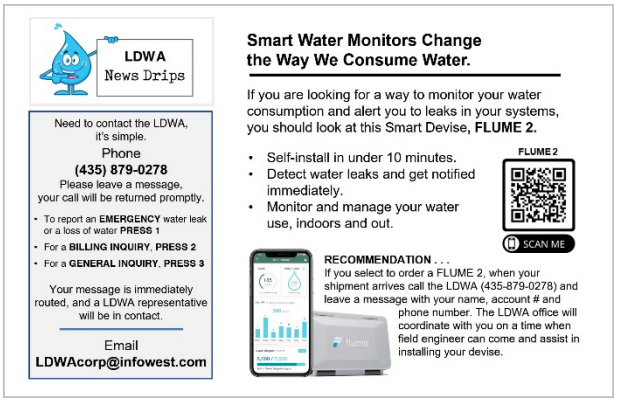
(a) TREASURERS REPORT (Layna Larsen)

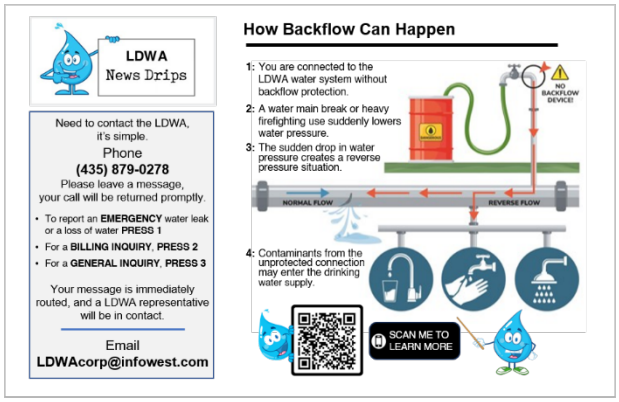
DISCUSSION	**ANNOUNCEMENTS/BILLING/COMMUNICATION** [Layna Larsen]

Don Fawson - Okay. Layna, can you talk about where your billing communications are?

Layna Larsen - **BILLING** for JULY was completed/mailed AUGUST 1st.

NEWSDRIPS - The SEPTEMBER mailed invoices included an article regarding Smart Water Monitoring article about the FLUME. For our upcoming OCTOBER mailing an article on "How Backflow Can Happen.





VOTE	**MOTION** :: I MAKE A MOTION THAT WE ACCEPT THE BACKFLOW ARTICLE :: Doris McNally | SECOND: Michelle Peot **MOTION APPROVED**: Unanimously

DISCUSSION	**FINANCIALS** [Layna Larsen]

P&L FOR THE MONTH REPORTING

TOTAL INCOME			TOTAL EXPENSE		
ACCT	BALANCE	% to TOTAL	ACCT	BALANCE	% to TOTAL
Ord. OI:	$30,213.78	95.2%	Ord. Field OE:	$9,888.50	45.4%
Other OI:	$1,538.84	4.8%	Ord. Admin OE:	$3,611.66	16.6%
	$31,752.62	**100.0%**	Professional OE:	$1,139.00	5.2%
			Labor Expenses:	$7,155.14	32.8%
				$21,794.30	**100.0%**
	Net Ordinary Income:		**$9,958.32**		

YTD P&L

TOTAL INCOME			TOTAL EXPENSE		
ACCT	BALANCE	% to TOTAL	ACCT	BALANCE	% to TOTAL
Ord. OI:	$211,513.65	88.0%	Ord. Field OE:	$58,615.97	37.9%
Other OI:	$28,772.34	12.0%	Ord. Admin OE:	$19,496.66	12.6%
	$240,285.99	**100.0%**	Professional OE:	$9,556.00	6.2%
			Labor Expenses:	$66,933.20	43.3%
				$154,601.83	**100.0%**
	Net Ordinary Income:		**$62,349.42**		

BANK ACCOUNTS FOR THE MONTH REPORTING

CHECKING ACCOUNTS			SAVINGS ACCOUNTS		
ACCT	BALANCE	% to TOTAL	ACCT	BALANCE	% to TOTAL
Checking	$49,199.47	19.8%	Emergency Reserve	$265,673.27	54.0%
DDW Loan Funds	$199,469.47	80.2%	Loan Reserve	$179,429.03	36.5%
	$248,668.94	**100.0%**	Impact Fee Fund	$144.69	0.0%
			Cap Facilities Replace	$27,516.30	5.6%
			Debt Service Reserve	$18,911.97	3.8%
			Open Acct	$4.00	0.0%
				$491,679.26	**100.0%**

Don Fawson - Okay, great. Thank you. Any discussion? Can I get a motion to approve this finance report?

VOTE	MOTION TO ACCEPT FINANCES AS REPORTED:: Doris McNally | SECOND:: Don Baldwin **MOTION APPROVED**: Unanimously

b) OPERATION / FIELD REPORT [Mark Osmer]

DISSCUSSION	**REPAIRS & MAINTENANCE** [Mark Osmer]

Don Fawson – Mark. Can you report on your field activities?

Mark Osmer - So, we passed our monthly BacT again this month. We've got a nitrates test to do this month, so I've got all the bottles from Chem Tech Ford.

2026 SANITARY SURVEY

Mark Osmer - I've been working with Doris, we've got a Sanitary Survey coming up in October, so we've been working through everything, trying to get everything ready for that.

- **Well House Roof Repair**– Jim Thomas helped me put the roof back on the well building and cleaned it all out. Thank you, Jim.
- **Air Vac Repair** - When we had the fire going up to Oak Grove, the fire department ran over an air vac, so we dug that up and replaced it.
- **Tank Inspections** - I have just got to check all the tanks and all the seals, but I think everything else is pretty good.

HYDRANT SIGNS

Mark Osmer – Doris found these hydrant signs that are designed to alert people about unauthorized use. Doris can you explain.

Doris McNally – Some background….. In August 2023, I notified the then Board of a serious incident involving the Angell Springs Water Special Service District water system. In that situation, a water truck took water without authorization and drained a tank to such a low level that several homes temporarily lost water service. As a result, the water company had to send an emergency notification to their customers asking them to ration water use. A current concern is that we have also experienced periodic instances of individuals or companies connecting to our hydrants without authorization. Most recently, Mark was able to stop a utility company that was attempting to connect to one of our hydrants using a Washington County Water Conservancy District meter.

With the significant development now beginning in and around Town, the likelihood of unauthorized hydrant use may increase. The signs are available in different sizes, colors, and messages, and they can be personalized. They are printed on high-density polyethylene (HDPE), a durable material designed to withstand extreme weather conditions. For our purposes, the message could include contact information for obtaining authorized hydrant use.

A notice has been drafted to be sent to the Town, regarding informing utility providers serving the Town of Leeds, and any active development or construction firms about LDWA hydrant use. The notice will inform them that the hydrants located within the Town of Leeds are owned and managed by the LDWA.

Don Fawson – Thank you Mark and Doris.

(c) REPORTS

DISSCUSSION	**PRESIDENT'S REPORT** [Don Fawson]

FOREST SERVICE :: SPECIAL USE PERMIT

As noted in last month's minutes we received the special use permit, from the forest service. It's been not one but three and a half years in the works.

PROJECT UPDATES & ONGOING DISCUSSIONS

We will meet with Riley and see if we can push this along, get these bids out, and get our projects going. We need to get that new well hooked up during the winter months, and that is a very short period of time—I think we have a three- or four-month window to get it done.

Regarding the Town Franchise Agreement: we are working on that. I would like to have an executive session after this meeting and see if we can clean it up enough to get it to the Town. Wayne, we appreciate your patience on that. We have been pushing our attorney to review our edits, and Doris has as well—we appreciate her doing that.

I did talk to Tom Beach., President of LWC. He was talking about some of the same things Brant was talking about last week: who should be deciding what, when we should be measuring the water, and what method of measurement we should be using. I talked with him a little more about it and gave him Jonas Welch's number, Hydro Specialists, as he was concerned about how he was going to get data from their meter. He said he would be reaching out to him. He will also reach out to Nick Whittier with the USGS, because I think they have a concern about the accuracy of that reading. I know Nick was very confident that their readings were accurate, so he was going to do some research on that and see if we can get some of us together to talk to them if needed.

So that is an ongoing process, and I know the concerns get a bit more involved as the water level goes down.

WATER ALLOCATION & SYSTEM OPERATIONS EXPLANATION

One of the things I wanted to do is quickly make sure that we are all on the same page regarding this.

I know it is sometimes said that "we pump water to LWC"—which we do not. We pump water, but we do not pump it to them. Basically—and maybe it is a matter of semantics—all the spring water that can be captured and funneled into the LDWA Spring Line is funneled into that line. Then it comes down the canyon and goes into our storage tanks.

We only have a right to a portion of that water. Our portion is determined by adding the gallons per minute flow in our Spring Line Meter (we have a meter at this end) to the creek flow to get what we call a Full System Flow. Then, using the State's Priority Schedule, we use this chart and determine how much flow LDWA has a right to retain out of the Spring. We take that value and subtract it from the Spring Line Flow.

Today, the Spring Line Flow was 187 gallons per minute. As of today at that time, we had a right to 42 gallons per minute from the spring, even though there was 187 gallons per minute coming down the pipe. That means we need to return 145 gallons per minute back to LWC through a bypass line out of our system into their weir.

So, to satisfy LDWA's needs, we have to pump water—and that is what the well is there for. You could say, "Well, we're pumping water to them," but in reality, we are pumping water to replace what we do not have a right to. That 145 gallons per minute goes back into their system.

The reality is that we are not pumping water to them—we are just pumping water because we need it, and some of the water coming down from the Spring is funneled back into their system.

Michelle Peot: "So, you're sort of trading for higher quality water?"

Don Fawson: Exactly. I just don't want anybody thinking that we are expending money to give water to LWC, because we're not.

DISSCUSSION | **VP REPORT** [Doris McNally]

2026 SANITARY SURVEY

The sanitary survey is an onsite, comprehensive evaluation conducted by the Utah Division of Drinking Water (DDW) or local health officials to ensure a public water system can reliably deliver safe, clean drinking water.

It's done every three years for water systems. This inspection reviews things like, water sources, treatment facilities, storage tanks, and distribution lines, alongside management practices and operator certifications. If inspectors find physical defects or compliance issues, points are added to the system's Improvement Priority System (IPS) score; negative findings, known as significant deficiencies, trigger a strict timeline for mandatory corrective action to eliminate potential health risks.

Paul Wright, from the DDW will be doing our inspection on October 7th @ 9:00AM. He did our inspection in 2012. Don will be meeting with Mark this upcoming week to review the "Field" inspection things, and I have updated and built some documents to satisfy the "Office" records requirements. I updated and did some major modifications to our Source Protection Plan. I was not comfortable with the previous one. I had Riley and the circuit rider from the RWUA review it and both thought it was very strong. So that and the recently updated Emergency Plan Policy puts us in a good position for this audit.

Working with Layna, we organized our Backflow & Cross Connection records & materials a little better. I hope to meet with Dan Brown prior to the inspection to review our activities in doing Backflow/Cross Connections with our shareholders.

Bottom line I think we are in very good shape for this inspection survey.

DISCUSSION | **STAFF REPORT** [Michelle Peot]

Michelle Peot - I went to a number of consequential meetings this week.

Water Conservancy District Meeting Briefing

Dameron Valley Sewer Project & Transparency Concerns

- **Conservancy District & Ash Creek Partnership:** The board voted to allow the Water Conservancy District to partner with Ash Creek to help sponsor a sewer project in Dameron Valley. This was an unusual partnership between the two entities.
- **Lack of Resident Awareness:** Local residents appeared to be largely unaware this was being discussed, so the only local attendees were developers.
- **Push for Higher Density:** The developers were very excited about the prospects of doing high-density development up there, which is contingent upon having a sewer system rather than septic tanks.
- **Financial Ramifications:** There were significant transparency issues here, as this project could have substantial financial ramifications for existing residents who were not properly informed.

BLM Public Utility Fee Waiver

- **10-Year Fee Waiver:** On a positive note, the Conservancy district reported that public utilities can apply to the Bureau of Land Management (BLM) for a fee waiver on BLM fees that lasts for 10 years. This could be worth pursuing.
- **Contact:** Brock Belknap (a local attorney) is knowledgeable about this process.

- **Financial Impact:** Securing this waiver could save several thousand dollars every year.

Property Taxes & Rural Water District Representation

- **Tax Disconnect:**
- Residents in Washington County pay property taxes to the Water Conservancy District, but rural districts don't always feel they receive direct benefits—leading to ongoing complaints.
- **District Perspective:** Zach Renstrom (representing the Conservancy) emphasized how many local water districts have received funding from the Conservancy District in the past, noting that the Conservancy is technically obligated to help if a system goes into crisis.
- **LDWA Board Pushback:** However, recent history shows there has been pushback from the Washington County Board when water districts have requested help.
- **Proposal to Explore Options, including an Advisory Board for Funds Redistribution:** One idea is to have an advisory board return Conservancy district-related property taxes to rural residents by either:
    1. Refunding a portion of those property taxes back to the rural water districts.
    2. Establishing a grant application system where rural water districts can formally request project funding for specific projects.
- **County-Wide Tax Structure:** It was clarified that these property taxes apply to every single resident in Washington County, not just those signed into specific regional agreements.
- **LDWA Recognition:** When a slide was presented detailing how much small rural water districts cost the county, Zach explicitly pointed out that LDWA (Leeds Domestic Waterusers Association) was an exception—noting that LDWA does a good job and is not troubled.

<u>County Commission Agenda & Ordinance Changes</u>

County Groundwater Protection Ordinance & Septic

- **Repeal and Replace:** Following the Dameron Valley sewer discussion, an item appeared on the County Commission agenda to repeal and replace the County's Groundwater Protection Ordinance. This ordinance dictates the septic density for rural areas, including Leeds.
- **Retiring the Hansen-Allen-Luce Study:** The revised ordinance would retire the septic density guidelines established by the Hansen-Allen-Luce (HAL) study—which allows septic systems for Leeds and establishes the density.
- **Sensitive Groundwater Resource Areas:** Unincorporated/rural communities flagged as "sensitive groundwater resource areas" would be required to undergo more in-depth septic studies to assess groundwater risk before re-evaluating whether septic is allowed and if so, at what density.

Jurisdictional Applicability & Legal Feedback

- **Unincorporated vs. Incorporated:** Both the Conservancy District and County Attorneys stated this ordinance applies *only* to unincorporated areas. However, looking at the draft text, there is concern because our area was previously looped into the HAL study guidelines. The revised language also does not explicitly carve out existing municipalities from the scope.
- **Timeline and Fallback:** Attorneys noted that completing each of the detailed septic studies takes years, so even if looped in, changes would likely be many years away. Until then, rural areas should continue to follow the HAL guidance.
- **Possibility Existing Agreement w/ Leeds:** The Conservancy District lawyer stated that she was aware of a septic agreement between the District and Leeds, but she wasn't certain whether it was still active.

Drinking Water Protection Zones vs. Septic Ordinances

- **Agricultural/Commercial Contamination:** The pending ordinance specifically governs septic systems. It does **not** cover point sources of contamination (such as commercial operations or agricultural fertilizer reporting).
- **State vs. County Regulations:** The recent notifications sent to local agricultural operations regarding fertilizer usage were routine Division of Drinking Water (DDW) notices regarding designated Drinking Water Protection Zones.
- **County Policy Gaps:** Washington County currently has a less strict policy regarding pollution source restrictions in protection zones compared to neighboring Iron County.
- **Drive for Sewer Conversion:** The main underlying motivation behind the current ordinance push appears to be transitioning more rural communities off of septic and onto central sewer lines for capturing reuse water.

Local Septic Enforcement & Contractual Agreements

- **Southwest Utah Public Health:** The Health Department currently tests soil drainage (percolation tests) and approves septics if parameters are met. They state they do not enforce the HAL study, leaving septic approval to town discretion.
- **50-Year Conservancy Agreement:** However, the town signed a 50-year agreement with the Water Conservancy District roughly 17–18 years ago, contractually obligating the town to adhere to the HAL study density limits for another 30+ years.
- **Legal Risk:** Disregarding the HAL guidelines would put the town in breach of contract with the Conservancy District.

Health Department Enforcement vs. Local Agreements

- **Southwest Utah Public Health:** The health department currently tests soil drainage (percolation tests) and approves septics if parameters are met. They state they do not enforce the HAL study, leaving septic approval to town discretion.
- **50-Year Conservancy Agreement:** However, the town signed a 50-year agreement with the Water Conservancy District roughly 17–18 years ago, contractually obligating the Town to adhere to the HAL study density limits for another 30+ years.
- **Legal Risk:** Disregarding the HAL guidelines would put the Town in breach of contract with the Conservancy District.
- **Current Status:** Jody Richins (Conservancy District legal counsel) confirmed that until a detailed septic study is formally completed for an area, the default requirement remains adherence to the Hansen-Allen-Luce study.

Don Fawson – Thank you Michelle. Don Baldwin do you have anything to you would like to bring up?

Don Baldwin - No

VII. SHAREHOLDERS COMMENTS

DISCUSSION	SHAREHOLDERS

WELL HOUSE PROJECT

Jim Thomas - Hi, I'm Jim Thomas, for those who don't know me. I'm a licensed general contractor, both in Utah and back in California, and I wanted to put my name in the hat to help us build this new pump building. Since I live right here in the community, my main goal is to keep costs down—I don't want to see my own water rates go up any more than you do. If we tap into local talent and tradespeople around our town instead of bringing in some massive conglomerate with an astronomical, confusing bid, we can keep tight control over the budget.

Looking at the project, we're talking about roughly a 20-by-30-foot building based on the plans I saw a while back.

The game plan would be to carefully disconnect the electrical, pull out the sensitive electronic equipment, and store it safely in a frame structure until we're ready to put it back. From there, we protect the existing pump, take down the old building, dig the trench for the new well line, and set the foundation.

For the specialized work, like the waterworks electrical and the well connections, Mark already knows the right local players who do that kind of work. Mark also has the heavy equipment right here to handle the trenching, digging, and site grading.

When it comes to the building itself, I strongly recommend going with solid, poured-in-place concrete walls rather than cinder block—kind of like what they did over at Vista and Boulder. Block walls often end up with missing grout in the cells, but poured concrete cures solid from the ground up. It's practically indestructible unless someone runs a bulldozer through it, which gives us much better security. We could even do a solid concrete roof or stick with a traditional setup, depending on what you and the engineers want.

I wouldn't be doing the actual concrete pouring myself, but I'd sub that out while I manage the job, read the plans, oversee the rebar placement, and make sure everything is built right. I've done everything from custom homes to mid- and high-rise commercial rehabs, so this is well within my wheelhouse.

To keep things completely transparent, I'm willing to do my work on a simple time-and-materials basis and hand the bills straight to you. I'm not looking to make a killing on this—I just want to get it done right, transparently, and a lot faster than it would take a big outside firm to even mobilize.

Don Fawson - Jim, I really appreciate that. Ross Savage and I actually built the original well house. It was block. But, , we have certain guidelines that we have to follow because of these loans. And it has to go out to bid. And the engineer is getting that put together so we can put it out to bid. I'll talk to him about that.

THE COVE DE-ANNEXATION

Doris McNally – Wayne is there any update on the de-annexation of The Cove? I ask because in working on the franchise agreement I want to be able to include the final decision on the parcel exhibit.

Wayne Peterson - With the disconnection as of May, there's a requirement that the County Surveyor provide an official map for the disconnection to take place. They just came back today saying that it is one of the more complicated areas with all the old mining claims and it still needs a fair amount of sorting out. So, there is some required paperwork as of four months ago that is continuing to delay the actual official disconnection.

Don Fawson – Anyone else?

VIII. MOTION TO ADJOURN MEETING

DISCUSSION	**Don Fawson**- All right, so with that, I am going to take a motion to adjourn the meeting.
VOTE	MOTION TO ADJOURN :: Doris McNally | SECOND: Donald Baldwin **MOTION APPROVED**: Unanimously

ADJOURNMENT: 7:48 PM

Layna Larsen

Layna Larsen | Corporate Secretary