



BOARD OF TRUSTEES MEETING MINUTES
May 11, 2022

Minutes of a public meeting of the board of trustees of the Washington County Water Conservancy District, held on Wednesday, May 11, 2022, at 533 East Waterworks Drive, St. George, Utah at 6 pm. Those board members present for the meeting were: Chair Ed Bowler, Kevin Tervort, Michele Randall (by telephone), Chris Hart and Victor Iverson. Board members Adam Bowler and Kress Staheli were excused. Also present were General Manager Zach Renstrom, Associate General Managers Corey Cram and Brie Thompson. Karen Barnum, Senior Accountant, Engineers Whit Bundy and Trinity Stout and Roberta McMullin; Secretary/Treasurer were also present. Other guests at the meeting are included in the sign in sheet attached to these minutes.

The first item on the agenda was a *Presentation by St. George City on the Fields at Little Valley.* Shane Moore, St. George City Leisure Services Director was introduced. He explained this project which they have partnered with Washington County on includes six soccer fields at Little Valley. These sand-based fields have hybrid grass growing on them. Their proposal is to take the grass out in all these areas, which use about 17 to 18 million gallons of water or 59 gallons per square foot to grow and maintain grass on these fields. This would make this the largest artificial turf project in Southern Utah. This would save large amounts of water and allow play throughout the winter which will be an economic benefit. These fields and another 10 acres in another area would remove a total of 17 acres. Shane said they would like to partner with the water district on this project. They feel this will be a good example of this concept to show other communities. Michele Randall said she would like to see the water district participate in a million dollars of funding. The county is contributing one and half million dollars.

Zach said he is 100% behind this project and some of the other cities are considering projects like this. He said the district doesn't have anything specifically in the budget for this. The board has authorized a surcharge on high water users, and this is the kind of the project that the surcharge could go toward,

term. The bid was from Brian Pace, Kiva Ranch. The bid has been reviewed and found acceptable. He has to fence the property and maintain it.

Chris Hart moved to approve the Toquerville grazing lease. The motion was seconded by Kevin Tervort. All voted aye.

Consideration of Approval of Zion Canyon Hot springs Ground Lease

Agreement and exception for multi-year lease - The district and the board have talked about Pah Tempe and La Verkin Springs for years and allowing people to get the benefit of that water. A committee was formed with the county, Hurricane and La Verkin and it was determined the best approach was to hire somebody to manage this. A Request for Proposals (RFP) for management of this project was put out. Zach said we received two RFP's. One was from a group in Glenwood Springs, Colorado who runs a very successful hot springs resort there. We went into negotiations with them and worked through it and now have a proposed agreement with them for consideration of the board.

Zach showed the proposed improvements on the screen which included pools and a restaurant. The proposal is that this organization will come and lease the district's property on the hillside and build the resort on district property. It will be modeled after the Glenwood Springs resort. They would pipe the hot springs up to the resort and it would go through the ponds and some evaporation and then it would come back to the district at a reduced temperature. The resort would maintain the pumps and pipes.

The length of time for the lease is long (50 years with 25-year extension possibility). It was worked out that the first portion of the lease would be for 50 years, the district would receive 2% of retail sales or a minimum of \$25,000 with inflation. County residents could get a season pass. There are lots of provisions in the agreement about keeping this resort in good condition.

The mayor of La Verkin was present and expressed hope that the district will approve this because it will be a great facility for the entire county.

There was some discussion. Ed said he likes that this would be non-consumptive use. Chris Hart said he thinks it is good use of historical water that residents haven't been able to use for some time. Since the district will receive some money, if we don't see another important use for that property, he thinks it is a good idea.

Consideration of approval to amend and extend Interlocal Agreement and Lease Regarding Kolob Reservoir –

This is the proposed First Amendment to the Interlocal Agreement and Lease Regarding Kolob Reservoir and Management of Kolob Reservoir Facility that was signed in May of 2021 between the district and Washington County. This agreement was put in place to try and deal with the massive camping and problems related to it. In conjunction with the county this agreement set up a camp reservation system, camp hosts, and other measures to manage the recreation at Kolob Reservoir. Zach told the board it worked very well last year, and the nearby property owners were pleased with it and so, they want to continue this agreement and extend this with the county with a few minor adjustments and amendments as listed in the amendment. The money made from reservations is being put back into the campgrounds. There is no charge for day use, just camping and local residents get a 50% discount, which people have appreciated.

Chris Hart moved to approve the First Amendment to Agreement regarding Kolob Reservoir and Management of Kolob Reservoir Facility. Victor Iverson seconded the motion and all voted aye.

Discussion of Regional Waters Supply Agreement (RWSA)/water limitations -

Zach told the board that there is a lot of discussion going on with the RWSA and if there is limitations on water. The agreement spells out if the district is unable to provide water to the cities (that are signers on the RWSA) they are supposed to sit down and decide how that water should be distributed among themselves and adopt a shortage sharing plan. He would like permission to send letter out to the cities requesting that they get together and formally determine how to distribute that water and, if they can't then it would come back to the district and the board. The district would help facilitate this discussion among the RWSA cities to make sure it takes place. If the board approves this, Zach said the district will get a letter out soon to try and get a date set that the cities could participate. He said he will work with the Mayors Association to find a time that works best for the cities to schedule this.

Discussion of will-serve letters – Zach introduced Stacy Young from Southern Utah Home Builders Association (SUBHA). The district has been meeting and working with them. Zach said wants to get some feedback from the board. It has been discussed how this would go forward. Zach presented a flow chart of how this could work:

up the reverse osmosis system, so the district has stepped in and have an engineer that specializes in water quality. The district is paying for this. We are also going to hire a geologist also to see how much water we can pull out of the ground because they don't have enough water for the summer. They only have enough water for indoor use now. This engineering solutions will take months. Apple Valley is going to need to pass an emergency resolution that they can't have outside watering to save the water for indoors. Brie has been working on some solutions, but they need help. Zach said they have requested the \$300,000 loan but we don't believe this will solve their problems. It is a bigger issue, and Zach said he would like to request pre-approval from the board to give them a loan for a solution that would really work when they determine that, since it may be before next board meeting. Maybe a filter, and a water softener and then reverse osmosis but they don't know yet what is in the water. He told the board this is really an emergency crisis for this small city.

There was discussion among the board. Ed Bowler said they need a permanent fix and maybe the district could do a bridge loan.

Brie & Carollo Engineering are going to make a recommendation for what needs to be done

Chris Hart made a motion to approve up to a \$500,000 bridge loan to get them to a semi-permanent solution for this emergency. The motion was seconded by Kevin Tervort. All voted aye.

Zach said he would like to table the remaining items on the agenda except for the closed session to discuss purchase of real property.

Ed asked for any questions or comments from the public before adjourning the public session of the meeting.

Chris Hart made a motion to adjourn the public meeting to a closed session to discuss the purchase of real property. Kevin Tervort seconded the motion, and a roll call vote was taken as follows:

<i>Chris Hart</i>	<i>Yes</i>
<i>Michele Randall</i>	<i>Yes</i>
<i>Kevin Tervort</i>	<i>Yes</i>
<i>Ed Bowler</i>	<i>Yes</i>

At the end of the closed meeting a motion was made as follows:



St. George
THE BRIGHTER SIDE

Little Valley Soccer Artificial Turf Conversion

May 5, 2022

This project will convert three of the existing turf grass fields at Little Valley to artificial turf. Because the existing turf grass is overseeded bermuda growing on a sand based medium, the fields require year round irrigation to keep the grass from going into dormancy. This mixed with the high field usage makes it very difficult to keep pristine. This project will include the removal of all existing turf grass on fields 1, 2, & 3. This will be the largest artificial turf complex in Southern Utah.

PROJECT OBJECTIVES

1. Convert seven acres of turf grass to artificial turf grass.
2. Save between 15 and 18 million gallons of water annually.
3. Proof of concept design for future southern Utah sports complexes.

COST

The Landscape Architect estimate is \$3 million.

Partners

Greater Zion

Washington County has allocated \$1.5 million to the turf conversion project.

St George City Water Department

The St George Water Department has agreed to help with \$200,000 that was earmarked for water conservation.

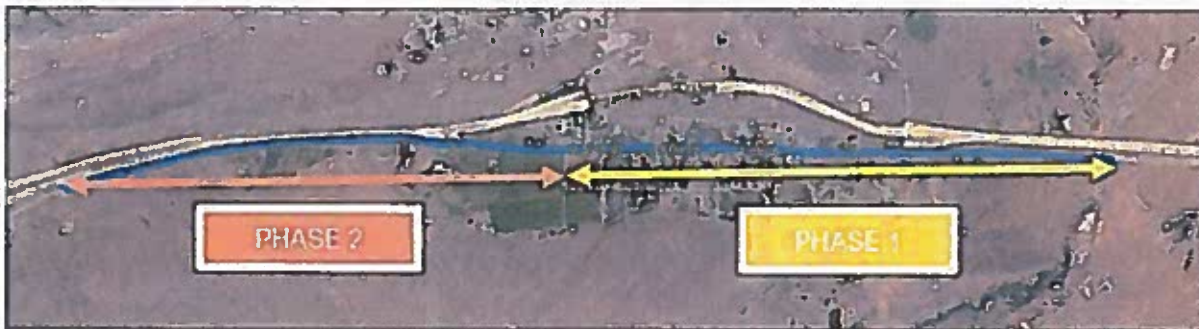


Procurement Memo

To Zachary Renstrom, General Manager
From Whit Bundy, Engineer
Date April 25, 2022
Subject Procurement of Engineering Services

Type of Procurement: Design Professional Procurement for Engineering Service

Item Description: The project is to continue the replacement of an additional section of the Cottom to Harrisburg line. This section consists of replacing approximately 19,000 feet of HDPE pipe with Ductile Iron and consists in two phases. The first phase is from the end of the existing ductile pipe near grapevine wash and ends at the Pressure Reducing Valve just south of Leeds. The second phase will continue from the Pressure Reducing Valve and end at the county line near Harrisburg. This procurement is for the engineering design of both phases and the construction management of Phase 1.



Reason for Procurement: The Operations Department of the Washington County Water Conservancy District (District) needs to procure this service because the current HDPE pipe has degraded and has had a number of failures some of which have been very costly. Based on previous experience, it can be assumed that these failures will continue to occur at an accelerating rate. A secondary reason for this procurement is to make the pipeline larger to accommodate future growth in the Toquerville/Leeds/La Verkin area.

Review of Design Professionals: The following design professionals submitted statements in response to the District's Request for Statements of Qualifications. Civil Science was the highest scoring design professional with which a satisfactory contract was negotiated at a price fair and reasonable to the District.

LEASE

THIS LEASE, executed at St. George, Washington County, State of Utah, by and between Washington County Water Conservancy District, hereinafter called "Lessor", and Brian Pace/Kiva Ranch, hereinafter called "Lessee".

RECITALS

WHEREAS, Lessor owns property in Toquerville, Utah, and desires to lease said property for grazing purposes and to have Lessee undertake certain other obligations with regard to maintenance of the property; and

WHEREAS, the property must be conservatively and properly grazed through rotation on the property to maintain forage and proper pasture management and other related purposes; and

WHEREAS, the Lessee of the property must also irrigate the property and coordinate, regulate, maintain, and operate the irrigation system and make efficient and effective use of all the irrigation rights to said property; and

WHEREAS, the Lessee desires to lease the property for grazing purposes and to perform all duties associated with irrigation, maintenance and protection of the property and related interests.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, Lessor and Lessee agree as follows:

TERMS

1. **The Property:** Lessor leases to Lessee, subject to the terms and conditions hereof, property located in Toquerville, Utah, pursuant to the Map attached hereto as Exhibit "A" and by reference made a part hereof.

2. **Management Plan:** Lessee shall be subject to and agrees to perform all terms and conditions of the Management Plan attached hereto as Exhibit "B" and by reference made a part hereof.

3. **Term:** The term of the lease shall be for a period of one (1) year, to be automatically renewed for four (4) consecutive years, subject to the termination provisions set forth below, beginning on January 1, 2022 and ending on January 1, 2027, unless sooner terminated by a breach of the terms and conditions of this lease by Lessee or by abandonment by Lessee. In the sole discretion of Lessor, the lease may be renewed on a yearly basis for up to five additional years, or a total of ten years, terminating on January 1, 2032. Lessee shall surrender the premises to Lessor immediately on the termination of the lease term.

4. **Grazing Season:** The grazing season shall begin April 1 and terminate November 30 of each year after the pasture has been fully established and approved for grazing by Lessor.

5. **Rent:** Lessee agrees, for itself, its heirs, executors, administrators and assigns, to pay in the manner hereinafter specified to Lessor or its assigns, as a guaranteed rent for the use of the Property during the initial term of said lease, the sum of **FOUR THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$4,750.00)** per year, to be made in full before April 30 each year, unless otherwise agreed to in writing, to the Lessor without demand, deduction or offset, at 533 East Waterworks Drive, St. George, Utah, 84770, or such other place or places as may be designated from time-to-time by the Lessor. Lessor may increase rent after the first five years by an amount based on the percentage increase in the consumer price index.

14. **Assignment:** Lessee shall not assign this lease, or any interest therein, or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Lessee excepted) to occupy or use the Property, or any portion thereof, without the written consent of Lessor first had and obtained, and a consent to one assignment, occupation, or use by another person shall not be deemed to be a consent to any subsequent assignment, occupation, or use by another person. Any such assignment without such written consent shall be void, and shall, at the option of Lessor, terminate this lease. This lease shall not, nor shall any interest therein, be assignable, as to the interest of Lessee, by operation of law, without the written consent of Lessor. Without in any way limiting Lessor's right to refuse to give such consent for any other reason or reasons, Lessor reserves the right to refuse to give such consent unless Lessee remains fully liable during the unexpired term of the lease.

15. **Default:** It is further expressly understood and agreed that each and all of the provisions of this lease are conditions precedent to be faithfully and fully performed and observed by Lessee to entitle Lessee to continue in possession of the Property; that said conditions are also covenants on the part of the Lessee; that the time of performance of each is of the essence of this agreement, and that if any default be made either in the payment of rent or in the observance, payment, or performance of any of the provisions, terms, or conditions hereof, or if Lessee shall abandon or vacate the premises without the consent of the Lessor, then this lease shall be deemed to be in default, and (a) Lessor shall have the right, at Lessor's option, to enter upon the premises and oust any person or persons who may be thereon, and to lease the Property or any portion or portions thereof, for the account of and on behalf of Lessee for the unexpired term of this lease, or any lesser part thereof, no such re-leasing shall be construed to be a termination of the lease or to be a release of said Lessee from any obligation contained herein, especially from the obligation to pay rental herein provided during the full term of this lease, or (b) Lessor may, at Lessor's option, at once terminate this lease and may thereupon immediately re-enter and take possession of the Property and the whole thereof, but no such termination shall be deemed to have taken place unless Lessor shall notify Lessee, in writing, addressed to Lessee at his last known address. All of the remedies herein provided shall be cumulative to all other rights or remedies hereafter given to Lessor by law. Lessee hereby waives all claims for damages that may be caused by the Lessor in re-entering and taking possession of the Property as herein provided.

16. **Notice:** Any notice to be given or payment to be made hereunder shall have been properly given or made when received by the Lessor or Lessee, as the case may be, or when deposited in the United States mail, certified or registered, postage prepaid, addressed as follows:

Lessor:
Washington County Water Conservancy District
533 East Waterworks Drive
St. George, UT 84770

Lessee:
Kiva Ranch
1052 Shady Lane
Logansville, UT 84774

17. **Termination:** After expiration of the initial one-year term, this lease may be terminated without cause, in advance of the specified expiration date of any succeeding term, by either party, upon ninety (90) days prior written notice being given the other party. All unpaid lease payments shall be made prior to termination.

18. **Waiver:** The waiver by Lessor of any breach of any term, covenant, or condition herein contained shall not be deemed a waiver of such term, covenant, or condition of any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach of Lessee of any term,

EXHIBIT "A"
THE PROPERTY



GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (this "Lease") is made and entered into to be effective as of _____, 2022, by and between **WASHINGTON COUNTY WATER CONSERVANCY DISTRICT** ("Lessor"), and **ZION CANYON HOT SPRINGS LLC**, a Utah limited liability company ("Lessee"). For and in consideration of the rentals and other consideration reserved and the mutual covenants and agreements set forth in this Lease, the receipt and sufficiency of which consideration are acknowledged by Lessor and Lessee, Lessor and Lessee agree as follows:

ARTICLE I - GRANT AND TERM

SECTION 1.01. PREMISES. Lessor leases to Lessee, and Lessee leases from Lessor, all of that land located in Washington County, Utah, legally described on **Exhibit A** hereto and shown for demonstrative purpose on **Exhibit B** attached hereto (the "Lease Property"). Lessor grants to Lessee a license to access Lessor's existing vault and the pipeline alignment legally described on **Exhibit C** hereto, and shown for demonstrative purpose on **Exhibit D** hereto, to install and maintain the Lessee Infrastructure described in Section 13.10(b) of this Lease (the "License Property"). The Lease Property and the License Property together constitute the "Premises." This Lease is subject to Lessor's right, which is hereby reserved, of access to, erection, construction, installation, use, operation, inspection, relocation, repair, maintenance, improvement, replacement or removal of Lessor's infrastructure on, over, across, under and through the Premises, which currently consists of a filter station, water pipeline and access road as legally described on **Exhibit A** and **Exhibit C**, hereto, and shown for demonstrative purpose on **Exhibit B** and **Exhibit D** hereto, and which may consist of additional infrastructure in the future, provided the same shall not materially negatively impact the Resort (the "Lessor Infrastructure"). This Lease is also subject to all applicable building restrictions, planning and zoning ordinances, governmental rules and regulations, and all other encumbrances, easements, covenants or restrictions affecting the Premises. Lessee shall develop and use the Premises for a resort featuring hot springs-fed pools, hotel, restaurants and cafes, a spa offering massages and body treatments, steam rooms, saunas and whirlpools, and related retail sales (the "Resort"). Upon the later of (1) full execution and delivery hereof, and (2) Lessee's acquisition of title to "Grantor's Property" as described in the following-referenced Access and Parking Easement Agreement, Lessee shall record an Access and Parking Easement Agreement in favor of Lessor in the form and content of **Exhibit E** attached hereto, which is incorporated herein by reference. The Easement will not become effective unless and until Lessor has terminated this Lease and re-taken possession of the Premises as a result of an uncured default by Lessee hereunder or Lessee's filing proceedings in bankruptcy.

SECTION 1.02. TERM. The term of this Lease will commence on _____ (the "Effective Date"), and will terminate fifty (50) years from the Effective Date (the "Original Term"). At the expiration of the Original Term, as long as Lessee is not then in uncured material default hereunder, Lessee will have the option to renew this Lease for one (1) additional period of twenty-five (25) years (the "Renewal Term"). In order to exercise the renewal option, Lessee must give Lessor written notice of renewal at least one hundred eighty (180) days, but no more than two hundred and forty (240) days, prior to the expiration of the Original Term. All of

percent (5%) of such past due amount to compensate Lessor for extra administrative, collection, processing, accounting and other costs incurred through Lessee's nonpayment. If any Rent is paid by check which is not honored when first presented for payment, such Rent shall not be considered paid, and Lessor may charge, in addition to the amounts set forth above, the maximum service fees and charges allowed by law due to such check being dishonored.

SECTION 2.04. NET LEASE. This Lease will be deemed and construed to be a "net lease" and, accordingly, despite anything contained in this Lease to the contrary, Lessor will receive all Rent hereunder free from any charges, assessments, impositions, expenses or deductions of any kind, except as provided herein. Lessor will not be required by any provision of this Lease to render any service or make any payment of any kind to Lessee or any other person. Except as otherwise specified herein, Lessee shall pay all expenses of any kind related to the Premises during the Term.

ARTICLE III - RISK OF LOSS

Following the Effective Date, all risk of loss to the Premises and any improvements thereto ("**Improvements**") will be borne by Lessee, and any damages thereto will promptly be repaired by Lessee.

ARTICLE IV. CONDUCT AND CARE

SECTION 4.01. LEGAL REQUIREMENTS. Lessee will, at its own cost and expense, promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of all governmental authorities having jurisdiction over the Premises or the water to be provided hereunder, and observe all covenants and restrictions of record affecting or applicable to the Premises, or affecting or applicable to the cleanliness, safety, occupancy and use of the same. In addition, Lessee will, at its own expense, comply with all requirements of applicable fire insurance or regulatory boards, and with all notices from any mortgagee of Lessor respecting all matters of occupancy, condition or maintenance of the Premises, whether such orders or directions will be directed to Lessee or Lessor. Lessee will hold Lessor harmless from any and all costs or expenses incurred by it on account thereof. Lessee will also procure and maintain all licenses, permits and approvals (collectively, "**Approvals**") legally necessary for the operation of the Resort, and will allow Lessor to inspect the same upon request.

SECTION 4.02. CARE OF PREMISES AND PUBLIC. Lessee will keep the Premises in a first-class, orderly, neat, safe, and clean condition (the "**Required Condition**") at all times. Lessee will use its best efforts to make the Resort an asset to the surrounding communities and an attraction that draws visitors to the area, and complements the neighborhood and surrounding communities. Lessee will also implement a safety and security plan for the public while using the Resort. Lessee shall also maintain insurance against vandalism and other harm to the Premises.

ARTICLE V. REAL ESTATE TAXES

SECTION 5.01. LESSEE'S OBLIGATIONS. Lessee will bear the full expense of all Taxes defined below which are levied against the Premises or any Improvements, regarding any portion of the Term.

to promptly furnish any insurance hereunder required to be procured by Lessee, Lessor, at its sole option, will have the right to obtain the same and pay the premium therefor for a period not exceeding one year in each instance, and the premium so paid by Lessor will be immediately due as Rent.

SECTION 6.03. LESSEE'S INDEMNIFICATION. Lessee indemnifies and will save harmless Lessor, and its Related Parties, and mortgagees, from and against all claims, actions, damages, liabilities, costs and expenses, including attorneys' fees and disbursements, that (i) arise from or relate to Lessee's obligations under this Lease or to the Premises (including, without limitation, those arising from Lessee's possession, use, occupancy, operation, management, repair, maintenance or control of the Premises), (ii) arise from or relate to any act or omission of Lessee, its Related Parties, licensees or invitees, (iii) result from any default, breach, violation or nonperformance of any provision of this Lease by Lessee, or (iv) result from injury to person or property or loss of life sustained in or about the Premises, after the Effective Date. Lessee will, at its own cost and expense, defend any and all actions, suits and proceedings which may be brought against Lessor, its Related Parties or any mortgagee with respect to the foregoing. Lessee will pay, satisfy and discharge any and all judgments, orders and decrees which may be entered against Lessor, its Related Parties or any such mortgagee in connection with the foregoing. If Lessor or any other party so indemnified is, without fault, made a party to any litigation commenced by or against Lessee, or if Lessor or any such party, in its sole discretion, intervenes in such litigation to protect its interest hereunder, Lessee will protect and hold them harmless and will pay all costs, expenses and attorneys' fees incurred or paid by such parties in connection with such litigation. Lessee's obligations under this Section will survive the expiration or sooner termination of this Lease.

ARTICLE VII. ASSIGNMENT AND SUBLETTING

No rights or obligations of Lessee hereunder may be assigned without the prior written consent of Lessor, which consent shall not be unreasonably withheld if the proposed assignee has (1) experience in successfully operating resort projects of a similar scale and complexity, (2) experience in maintaining resort projects in the Required Condition, (3) adequate net worth and/or funding to complete (if applicable) and operate the Resort, and (4) a reputation as a positive contributor to his/her/its community.

ARTICLE VIII. COLLATERAL SECURITY

This Lease may be assigned as collateral security for any debt or obligation of Lessee which is used to fund Resort development and/or operations, without Lessor's prior consent or approval. The lender or security agent shall be subject to this Lease and shall make assignments in accordance with Article 7 of this Lease.

ARTICLE IX. DEFAULT AND REMEDIES

SECTION 9.01. ELEMENTS OF DEFAULT. If any one or more of the following events occur, Lessee will be deemed to be in default under this Lease:

deficiency in rent, reasonable attorney fees, legal costs, brokerage fees and expenses of placing the Premises in first class rentable condition; or

(c) In addition to the foregoing rights of Lessor, if Lessee defaults hereunder, Lessor will have all other remedies provided by law or equity, as well as the option, but not the obligation, to cure the act or failure constituting the default for the account of and at the expense of Lessee. Lessor will provide Lessee with ten (10) days written notice prior to curing any default, provided that no such notice will be required for emergency repairs. If Lessor has already terminated this Lease and/or Lessee's possession pursuant to this Article, no notice shall be required of Lessor and Lessor's cure or attempt to cure of any act or failure constituting a default by Lessee (which act or failure occasioned the termination of this Lease and/or Lessee's possession) will not result in a waiver of such termination by Lessor. Lessee will pay Lessor interest at the Default Rate set forth herein on all sums paid by Lessor pursuant to the terms hereof, from the date of Lessor's payment thereof until fully reimbursed by Lessee. Lessee will also pay Lessor interest at the Default Rate on all sums due and owing to Lessor under this Lease which are not paid within five (5) days of receipt of notice that the same are past-due.

ARTICLE X. BANKRUPTCY AND INSOLVENCY

SECTION 10.01. LESSOR'S RIGHT TO CANCEL LEASE. This Lease is voidable and subject to immediate cancellation by Lessor upon Lessee's filing proceedings in bankruptcy or reorganization under the United States Bankruptcy Code (11 USC Subsection 101, et seq.) and Lessee shall give Lessor notice of such occurrence.

SECTION 10.02. LESSEE'S INTEREST NOT TRANSFERABLE. Whether or not Lessor elects to cancel this Lease as provided in this Article, neither Lessee's interest in this Lease, nor any estate hereby created in the Lessee nor any interest herein, or therein, will pass to any trustee or receiver or assignee for the benefit of creditors or otherwise by operation of law, except as may specifically be provided pursuant to the United States Bankruptcy Code (11 USC Subsection 101, et seq.), as the same may be in effect at the time of such an occurrence.

SECTION 10.03. RIGHTS AND OBLIGATIONS. To the extent this Lease is not cancelled by Lessor as provided in Section 10.01, or Lessee's interest in this Lease or any estate or interest created herein passes to any trustee, receiver or assignee by operation of Section 10.02, then:

(a) Upon the filing of a petition by or against Lessee under the Bankruptcy Code, Lessee, as debtor and as debtor-in-possession, and any trustee who may be appointed with respect to the assets of or estate in bankruptcy of Lessee, will pay as reasonable compensation for the use and occupancy of the Premises, an amount equal to all Rent otherwise due pursuant to and as provided in this Lease.

(b) Lessee, as debtor and as debtor-in-possession, and any trustee who may be appointed with respect to the assets of or estate in bankruptcy of Lessee, will take all steps necessary to cause the Court of Bankruptcy to enter an order, within sixty (60) days of the date of commencement of the bankruptcy proceedings, declaring this Lease to be either assumed or

ARTICLE XIII. MISCELLANEOUS

SECTION 13.01. ENTIRE AGREEMENT. All agreements heretofore made in the negotiation and preparation of this Lease between the parties hereto are superseded by and merged into this Lease, no statement or representation not embodied herein shall have any binding effect upon the parties hereto and there shall be no amendments hereto except those in writing signed by the parties hereto.

SECTION 13.02. SEVERABILITY. If any provision of this Lease shall be held to be invalid or unenforceable by any court of competent jurisdiction or as a result of any legislative action, such holding or action shall be strictly construed. Furthermore, provided the parties are still able to retain all of the material benefits of their bargain hereunder, such provision shall be construed, limited or, if necessary, severed, but only to the extent necessary to eliminate such invalidity or unenforceability, and the other provisions of this Lease shall remain unaffected and this Lease shall be construed and enforced as if such provision in its original form and content had never comprised a part hereof.

SECTION 13.03. NOTICES. Each notice, demand, request, consent, approval, disapproval, waiver or other communication (collectively, "notice") pursuant to this Lease will be in writing, will be deemed to have been received and will be effective, when (i) delivered in person, (ii) sent by facsimile transmission with receipt acknowledged, (iii) delivered by certified or registered United States Mail, postage prepaid, return receipt requested, or (iv) delivered by a nationally recognized overnight mail service, receipt requested, and addressed:

if to Lessor: Washington County Water Conservancy District
 Attn.: General Manager
 533 E. Waterworks Dr.
 St. George, UT 84770

if to Lessee, to: Zion Canyon Hot Springs LLC
 Attn.: Mogli Cooper
 109 Fox Prowl
 Carbondale, CO 81623

Each party will have the right at any time and from time to time to designate a different address for the delivery of notices by notice similarly given.

SECTION 13.04. MODIFICATIONS. No change or modification of this Lease or of any of the provisions hereof will be valid or effective unless the same is in writing and signed by the parties hereto. No alleged or contended waiver of any of the provisions of this Lease will be valid or effective unless in writing signed by the party against whom it is sought to be enforced.

SECTION 13.05. CONSTRUCTION. This Lease has been negotiated by the respective parties hereto and their attorneys and the language hereof will not be construed for or against either party. Any deletion of language from this Lease prior to execution by all parties hereto

SECTION 13.08. LEGAL. It is the intent of the parties hereto that all questions with respect to the construction of this Lease and the rights and the liabilities of the parties hereto will be determined in accordance with the laws of the State of Utah. In any dispute, jurisdiction and venue shall be in the Fifth District Court of the State of Utah situated in St. George, Utah. Lessor and Lessee waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on, or regarding, any matter arising out of or in any way connected with this Lease, the relationship of the Lessor and the Lessee hereunder, Lessee's use or occupancy of the Premises and/or any claim of injury or damage.

SECTION 13.09. RECORD KEEPING, AUDITS, AND INSPECTIONS. Lessee shall maintain in sufficient detail and make available for Lessor's audit and inspection all financial and operation records documenting transactions related to this Lease including but not limited to those relating to the payment of Minimum Rent or Percentage Rent. Records which relate to disputes, litigation, or the settlement of claims arising out of the performance of this Lease or related to the Minimum Rent and/or Percentage Rent, shall be retained by the Contractor until disposition has been made of such disputes, litigation, claims, or exceptions.

SECTION 13.10. PROVISION OF WATER. Throughout the Term, including the Renewal Term, Lessor shall provide Lessee access to natural geothermal hot springs water ("Water") as follows, and at no additional cost:

(a) Lessor shall provide Lessee access to an existing vault system which provides access to a shallow 'geothermal' groundwater supply. Lessee will be responsible for any required maintenance of the vault. The vault has demonstrated the ability to provide around 2,000 gallons per minute ("GPM") withdrawn from the groundwater, and Lessee may pump up to a maximum of 2,000 GPM, which shall be metered. Lessee shall provide and install a meter approved by the Lessor. Lessee shall meter the groundwater it withdraws and provide monthly reports of the metered water to Lessor. Lessee shall provide the Lessor access to the meter. Lessor makes no guarantee to continued availability of 2,000 GPM. Furthermore, Lessor makes no guarantee as to continued groundwater temperature or mineral content. The Lessor's obligation to provide access to water under this Lease is secondary to Lessor's operation of its infrastructure, Lessor's treatment of water for culinary or secondary use, and Lessor's efforts to improve water quality. While Lessor makes no guarantee as to water temperature, mineral content, or the continued availability of 2,000 GPM, Lessor will take no action intended to reduce the temperature, mineral content, or volume of water available to Lessee.

(b) Lessor will provide the Water to Lessee at the existing vault pumping location ("Vault") as legally described on Exhibit C, and shown for demonstrative purpose on Exhibit D, and will allow Lessee to build the pipeline along the pipeline alignment and install the pumps required to bring the Water to Lessee's mechanical building (such pipeline, pumps and mechanical building being defined as the "Lessee Infrastructure") as legally described on Exhibit C and shown for demonstrative purpose on Exhibit D. Lessee shall maintain (including repairing and replacing) all Lessee Infrastructure and the Vault at all times, and do so in a first class, good operating condition. Lessee must provide maps, plans and construction specifications to Lessor for all pipeline construction on Lessor's properties. Lessee must receive Lessor

IN WITNESS WHEREOF, the parties hereto have entered into this Lease effective as of the date first above written.

LESSOR:

**WASHINGTON COUNTY WATER
CONSERVANCY DISTRICT**

By: _____
Name: _____
Title: _____

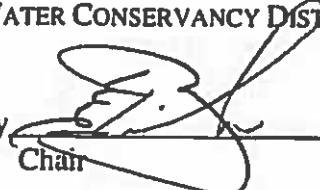
LESSEE:

ZION CANYON HOT SPRINGS LLC,
a Utah limited liability company

By: _____
Name: _____
Title: _____

ADOPTED AND APPROVED by the Board of Trustees of Washington County Water Conservancy District, this 11th day of May, 2022.

WASHINGTON COUNTY
WATER CONSERVANCY DISTRICT

By  _____
Chair

ATTEST AND COUNTERSIGN:

By _____
Secretary

[SEAL]

Ed Bowler	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Adam Bowler	Yea <input type="checkbox"/>	No <input type="checkbox"/>
Chris Hart	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Victor Iverson	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Michele Randall	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Kevin Tervort	Yea <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Kress Staheli	Yea <input type="checkbox"/>	No <input type="checkbox"/>

BID SCHEDULE SUMMARY
ASH CREEK PIPELINE PROJECT - ALIGNMENT PREPARATION
 Washington County Water Conservancy District
 Bids Were Opened On: Tuesday, April 26, 2022



BASE BID				Engineer's Option		Whitaker Construction		WW Cycle		Unit Price Summary		
Item No.	Description	Quantity	Unit	Unit Cost	Amount	Unit Cost	Amount	Unit Cost	Amount	Average	Low	High
1	Mobilization, Demobilization, and Administrative Items	1	LS	\$480,000	\$480,000	\$179,500	\$179,500	\$239,575	\$239,575	\$293,325	\$179,500	\$460,900
2	Construction Surveying	1	LS	\$88,000	\$88,000	\$29,800	\$29,800	\$50,000	\$50,000	\$48,267	\$29,800	\$88,000
3	Stormwater Pollution Prevention Plan	1	LS	\$103,400	\$103,400	\$41,800	\$41,800	\$70,000	\$70,000	\$71,733	\$41,800	\$103,400
4	Clear and Grub Site	1	LS	\$54,000	\$54,000	\$515,000	\$515,000	\$530,000	\$530,000	\$366,333	\$54,000	\$530,000
5	Common Excavation	63000	CY	\$27	\$1,701,000	\$20	\$1,260,000	\$10	\$630,000	\$19	\$10	\$27
6	Rock Excavation	11000	CY	\$73	\$803,000	\$42	\$462,000	\$22	\$242,000	\$46	\$22	\$73
7a	Embankment Construction and Excess Material Disposal	6500	CY	\$45	\$292,500	\$21	\$136,500	\$38	\$234,000	\$34	\$21	\$45
7b	Excess Material Disposal	1	LS	\$18	\$18	\$574,000	\$574,000	\$125,000	\$125,000	\$233,008	\$18	\$574,000
8	Riprap Erosion Protection	4700	CY	\$50	\$235,000	\$27	\$128,900	\$42	\$197,400	\$40	\$27	\$50
9a	Soil of Rock Anchor Wall Facing and Design	8400	SF	\$75	\$630,000	\$81.50	\$684,600	\$81	\$680,400	\$73	\$82	\$81
9b	10-20 ft nails/anchors	135	EA	\$1,600	\$216,000	\$825	\$124,875	\$1,600	\$220,800	\$1,342	\$925	\$1,600
9c	20-30 ft nails/anchors	135	EA	\$1,800	\$243,000	\$1,160	\$156,600	\$1,650	\$222,750	\$1,600	\$1,160	\$1,800
9d	30-40 ft nails/anchors	135	EA	\$2,400	\$324,000	\$1,400	\$189,000	\$2,225	\$300,375	\$2,008	\$1,400	\$2,400
9e	40-50 ft nails/anchors	135	EA	\$3,200	\$432,000	\$1,640	\$221,400	\$2,600	\$351,000	\$2,480	\$1,640	\$3,200
10	Silt Fence, detail C/2281	1200	LF	\$4	\$4,800	\$4.80	\$5,760	\$6	\$7,200	\$5	\$4	\$6
11	14 ft Steel Gate, C/2800	2	EA	\$25,000	\$50,000	\$5,590	\$11,180	\$2,800	\$5,600	\$11,183	\$2,800	\$25,000
12	Geotechnical Exploratory Excavation	20	HR	\$204	\$4,080	\$305	\$6,100	\$550	\$11,000	\$353	\$204	\$550
Base Bid Price:				\$4,848,698		\$4,867,015		\$4,128,088		\$4,774,571	\$4,128,000	\$5,640,698

DIFFERENCE FROM LOW BID: \$1,614,698 \$431,015 \$0
 % DIFFERENCE FROM LOW BID: 36.71% 10% 0%

All the remaining provisions of said Agreement shall remain in full force and effect.

Zachary Renstrom, General Manager
Washington County Water Conservancy District

ATTEST:

Roberta McMullin, Secretary
Washington County Water Conservancy District

Approved as to Form:

Attorney for Washington County Water
Conservancy District

Victor Iverson, County Commission Chair
Washington County

ATTEST:

Susan Lewis
Washington County Clerk-Auditor

Approved as to Form:

Deputy Washington County Attorney

Toquerville Grazing Lease



3

Hot Spring Agreement

- Key points
 - 50 year extend 75 year
 - Access to the water – Resort maintains the pumps and pipes
 - Limit District reduce the water temperature and mineral content
 - Terminated if federal government prohibits
 - Gross ticket sales payment of 2% retail sales (min \$25,000 with inflation)
 - County Residence can get a season pass
 - Keeping in good conditions



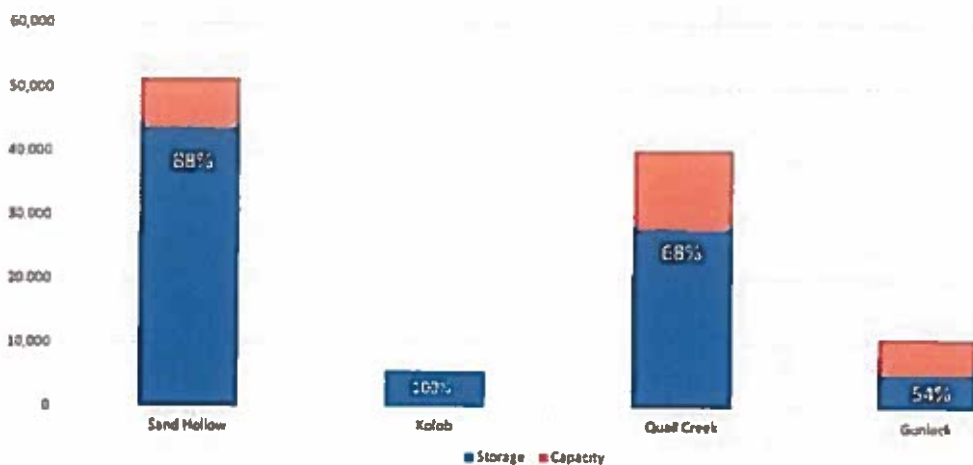
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Apple Valley Water SSI



7

Current Reservoir Levels



March 28, 2022



8

NOTICE OF CHANGE OF MEETING DATE

The regularly scheduled board meeting of the Washington County Water Conservancy District Board of Trustees scheduled for Wednesday, June 1, 2022, has been changed to **Tuesday, June 7, 2022 at 6:00 p.m.** at the District Offices at 533 E.

Waterworks Drive, St. George, Utah.

Roberta McMullin
Secretary-Treasurer