

## **Water Meeting – February 9<sup>th</sup> 2026**

**0:00:00.2 Skyler:** Helpful. But before we jump there, maybe there's something else that you wanted to speak to.

**0:00:05.5 Sam:** No, I was just saying we could table the broader discussion. Let's get the USDA folks what they need because that's why we're here.

**0:00:13.1 Skyler:** Okay. All right, so let me share my screen here. So what I've got here, this is the task order that we signed that defines the scope for Phase 1 and Phase 2. So Phase 1 was the feasibility of the wholesale connection. This work has already been completed. This essentially evaluated the impacts to the Mountain Regional system, how much water our community would need to take from the Mountain Regional system, and the improvements that the Mountain Regional system would have to perform at our cost for them to be able to provide water to us on just a wholesale basis. So that has all been completed. In a nutshell, it is possible. There were no deal breakers in the general plan to get a wholesale connection, essentially a pipe over from the infrastructure in the neighboring community, Promontory, there to our top tank. So the yes/no feasibility analysis of that was done as part of Phase 1.

**0:01:29.0 Skyler:** Phase 2 was scoped in a way that would leave the door open for annexation. And we were never trying to bind ourselves to that requirement, but it was done with the intent of, hey, if we wanted to move in this direction, what upgrades do we need to do to our infrastructure at Lake Rockport Estates to be eligible for annexation? So that would be, hey, we've got to build our water system to modern standards and an evaluation of those modern standards to Mountain Regional standards, which I think are not necessarily above and beyond good general practice. So everything in Phase 2 was a more detailed analysis of all of these things, including a greater analysis. And this

is where I'm going to lean on you, Jon, a little bit. Correct me if I'm leading us astray here, but my understanding here, all of this scope that we had built in includes the master plan, which talks about all the upgrades that we will need to do in our system that would get us to a year-round water and would essentially be acceptable to Mountain Regional, as well as maybe some additional engineering for the initial connection for that first, we'll call it wholesale connection.

**0:02:52.6 Jon:** So first statement, yes. Second statement, no. There's no engineering design in any of the scope, actually, as it's written right now. It was split to first phase, determine can you even do something, because we discussed that and the question was, well, what are we even designing? Don't know. So how do you scope something you don't know what you're designing? So that first one looked at all your demands, build-out demand, forecasting what that looks like to then forecast and assess the impact to Mountain Regional's system to transfer the water there and move it through their system, and then, yeah, the feasibility of a pipeline connection. So with the understanding that that demand analysis would have been required regardless if you were just doing a master plan, and so then that's why it builds into Phase 2 then of the master plan, and you would get other costs associated with other improvements and upgrades for your own system's sake and if you're going to be integrating and/or annexing to a Mountain Regional. But there's no design, there are no drawings, anything else currently in the scope, Phase 2 or otherwise.

**0:04:21.0 Skyler:** Okay, understood. So the intent of the study was towards getting an understanding of whether this additional connection was viable and trying to quantify the whole cost of an eventual potential annexation if that was the ultimate path. So I guess what I wanted to do, Karl, can you restate for the record those three questions that you were hoping to get answered before approval of the Phase 2 funds? It sounds like we may need to rescope this a little bit and Mountain Regional may need to go back and get some answers for us.

**0:05:00.3 Karl:** Yeah, so I have our engineer online and he can quantify some of this. But I think this discussion's been good because, our task at USDA was to get them another source of water. That's what the funds were appropriated for. So we tried the well, it didn't work out. So in looking, Mountain Regional was probably the next best select alternative. And the question that we had at USDA is, is this just a wholesale connection? If it is, then we should take the shortest, cheapest route to a water connection. And it didn't appear that that was the case. And if it is just a wholesale connection, then it really doesn't matter what your system design is because you're just a consumer and you have your own system. If you are annexing into Mountain Regional, then we really need to know, yeah, if we meet A, B, and C or D, then we're in, before we can allocate some more funds. And so those are our concerns. I will say, I know that it sounds like maybe there's some concern over community support. I don't... In looking and evaluating your situation, I don't think drilling another well is your best option.

**0:06:43.9 Karl:** I do think Mountain Regional is the way to go and probably annexing into them is definitely the way to go long term. Your system does have value. You have things in your system that are useful assets to Mountain Regional. So I think from our perspective, it's a good way to go, but I think we just need to all get on the same page and make sure that it is a possibility and that you can get that community support before we go too far down this road. Matt, do you have any comments?

**0:07:21.1 Kevin:** Sorry, I was going to jump in too, but just going off of Karl, what he's saying is we're just trying to look out for Lake Rockport's best in mind. We need a clear path of what's going to happen. Like Karl said, we have those A, B, and C's of what Lake Rockport needs to do to fully meet their needs. That's what we want. We want to be able to have that clear path. And I think

there's just been a lot of confusion in that. We can keep going forward, but yeah, go ahead, Matt.

Sorry.

**0:08:00.4 Matt:** Yeah, I don't know if you want to take another question before I jump in, but it's up to you guys. I'm the engineer on our side, on the RD funding side. And so I have some very specific things that I'm looking for in relationship to using the federal funds to basically develop a project that produces water for Lake Rockport. And that's what the purpose of the funding is. So a lot of the stuff that we're doing, and I've been in the business a long time and I recognize that a lot of this stuff is just the way the business is run or, hey, if you want to annex, that's kind of how we want it, and there's the ideal situation. So I'm just going to lay this out. I'm going to tell you right now, this is not ideal for Lake Rockport. It's not ideal for anybody. And at the end of the day, somebody's going to step up and say, "You know what? I know this isn't going to be the perfect solution and it's not going to work out, but we need to have an answer that brings X water."

**0:09:02.7 Matt:** So right now Lake Rockport operates on a deficiency of X water per minute to meet all state regulations required for their water system. And they can't meet it with the current program. So they need, that's the whole reason why USDA's funding is even involved, is to provide them with a way to get more water. And looking at the money spent to date on a well that should've, would've, could've, and it didn't, has put us in a situation where we are now looking for the best immediate options. So that's what I wanted. I want to make sure that I'm looking at any reports and any studies and any additional information that's going to get us there. When I raised the red flag up with my team, I was saying, "Where are we going with this?" This sounds like another journey that we're going to go on that has no definitive answer.

**0:10:06.6 Joe:** Well, and that's where again, I appreciate you bringing it back to the goal is a water source. And that's what it always has been. The annexation piece again, I think is a discussion that could be looked at later. And like I said, the year-round water piece is something we do need to get to at some point. But the most immediate need is a water source. And I think the big fear, especially when that annexation piece comes into discussion, is the price tag, pricing out members that live here and wouldn't be able to afford to stay here pursuing the Cadillac bells and whistles plan. I think again, it's looking at the most immediate need and that water source.

**0:10:51.3 Greg:** This is Greg again. I really think that we're talking about two important things. We have the engineering perspective, and I agree with the importance of finding a water source immediately because things are getting dicey around here in terms of fire danger. But the second side is just a simple human part of this equation. You do have members here indicating that they can't afford it. They are vehemently opposed to spending money, especially when you bring up annexation costs. So we have a lot of work ahead of us, and I think sharing this meeting publicly, the recording of it, is going to be really important for the future.

**0:11:48.9 Skyler:** I never did click record, Greg. I'm just realizing I didn't get consent from all parties, so I never, I didn't, I did not record it.

**0:11:58.4 Joe:** But I think again, in looking at the wholesale option, and again, it sounds like there's some questions that need to be answered on if that's possible to have it as a standalone project, 'cause it was never presented to us that way, and it wasn't until the meeting last month that we knew that that was an option. So if we could get a firm answer on that. And then I think back to the question on the most direct route, I think that initial route that was presented as far as the easements and the getting to our water tank was with that thought of annexation as coming as second phase. So

again, if there's a way to shorten that path, reduce the cost, again, I think that is... I keep going back to it, and I know I'm sounding like a broken record, but it's the cost and the timing to get that water source. Whether we do a surface scan near Well 2 that was in that study, potentially another well down near site of Well 2, and then we could tie into existing infrastructure very closely, or whether we can do direct wholesale from Mountain Regional and just find the most direct path.

**0:13:08.0 Joe:** I do still have concerns there on the easements, 'cause again, that's my question is what if we can't get the easements? What is the next step there? But anything... Again, bringing annexation into the piece, it's going to scare people away from the price tag, and we've got the hurdle of the 75% that I don't see us getting at this point. So I want to just table the annexation piece entirely.

**0:13:35.0 Wendee:** Andy, this is Wendee Aguilar. We've always been under the impression that wholesale connection would be an option. I think Tollgate does this as well, that if we did that wholesale connection, it wouldn't require the 75% buy-in from the community until we go to annexation. And I think we can take this in two chunks and do the wholesale connection and then work towards annexation. That, I think, feels like a win-win and a compromise... And I think that is something that our community would accept. It wasn't until this very meeting that I just heard that wholesale may not be an option. Can you please clarify that?

**0:14:23.0 Andy:** So as I explained before, wholesale is probably an option.

**0:14:26.9 Wendee:** Okay.

**0:14:27.7 Andy:** But it is an interruptible connection.

**0:14:32.7 Wendee:** Understood.

**0:14:33.6 Andy:** It is not something that the district will guarantee because it would be lower on the priority. Our commitment is to the connections that we currently have within the confines of Mountain Regional. So, and the other thing to remember is that the easements still have to be obtained from Promontory, that we still need to make sure we have the correct path, that there may be some easements through Lake Rockport or Rockport Ranches. None of that, we've been talking about this for three years, and we're talking about the same things over and over and over and over again. So I think Lake Rockport needs to make a decision collectively. Are you willing to go with wholesale? If not, then we can move on. Mountain Regional doesn't have any skin in this game. We're not driving this. The Lake Rockport people are. We're happy to help, but you as a community need to decide what you want.

**0:15:54.6 Wendee:** Totally understand that, and I think we're close. I honestly do. But as a wholesale connection, we're very close, and I think we can get that over the finish line. We have storage tanks and a well that we can use in the rare event that there is an interruption. But so are you saying that wholesale is a viable option that we can consider?

**0:16:26.5 Andy:** We would have to negotiate it, and I'll have to go back to the council and just confirm that they are willing to support that.

**0:16:33.5 Wendee:** Okay. And then part of the, to do that for the wholesale connection would require Phase 1 feasibility study. Is that correct?

**0:16:47.9 Andy:** Jon, do you have anything else that you need?

**0:16:51.6 Jon:** No, the Phase 1 is already done. And the Phase 1 simply, again, looked at what are the system's needs, what's a reasonable, feasible way to get water from Mountain Regional to the system? And yeah, there are a few factors in those costs, I'd say minor factors, that said if you're going to put in a pipe, you might as well put in a pipe that's per Mountain Regional standards so that if you decide to annex, you don't go and replace that pipe 5 or 10, 15 years down the road. So that was one of the criteria, and so that drove a little bit of the alignment to not have it on some extra steep grades that could be possibly shortened. So there's a little bit of extra cost there in what's laid out than the cheapest that you could do if you had no vision that there's any possibility of annexing down the road. Then yeah, you can lay it however you're okay with, as long as it's not going to freeze and other things. So Phase 1's already done, already outlines that.

**0:18:14.7 Jon:** And then the Phase 2 is geared towards having a cost of what are the true impacts, additional cost impacts, that you would have to redo your system or replace things so that Mountain Regional then would be okay accepting that into your system. So yes, an independent question, but they were all geared towards we want to be thinking that that's a possibility, so let's put the costs or that feasibility with that potential in mind.

**0:18:54.6 Wendee:** Okay, Jon, just to clarify then, so I have this right in my head. If we move towards the wholesale connection, Phase 2 feasibility is not necessarily required at this point in time. Okay, so we could... We definitely would bury that pipe according to Mountain Regional's rules, regulations, the whole bit. That just makes total sense to do that. But we don't necessarily have to move forward with Phase 2 of the study to pursue the wholesale connection.

**0:19:32.0 Jon:** 100% true from the engineering side. I guess Mountain Regional might see differently. And then again, the Phase 1 is that 15-page study. We came in way under budget what we even allocated on that. And it's just high-level feasibility. No design, no on the ground, no survey, no drawings, any of that has been done. That's all what would be designing that connection, which is then you'd have what you're working out all the details of.

**0:20:06.6 Wendee:** Okay, Andy, I'm going to throw it back to you then. Based on that feasibility study, and if we wanted to pursue the wholesale connection, what other information in a feasibility study would you need, or do you have everything at this point?

**0:20:25.5 Andy:** So I will get with the county leadership to see if they would support that.

**0:20:34.0 Wendee:** Okay.

**0:20:35.0 Andy:** Sam, from your perspective?

**0:20:38.7 Sam:** Well, you and County Council say we're a wholesaler, wholesale water. We'll figure it out.

**0:20:45.9 Wendee:** I think for a short period of time until we can build enough money through our reserves to fund the infrastructure and not have to necessarily put that additional cost. But if we could get water, I think that is the true key at that point.

**0:21:05.5 Sam:** Yeah, we'll work through all the details. Like we would probably own the transmission line, for example. We'd manage the project.

**0:21:14.0 Wendee:** Absolutely.

**0:21:15.2 Wendee:** Yep.

**0:21:16.0 Sam:** We'd inspect it.

**0:21:20.0 Wendee:** Go ahead, Sarah.

**0:21:21.0 Sarah:** I want to make sure I understood what was said, that with a wholesale connection, people cannot get building permits and build.

**0:21:34.0 Wendee:** That would be, from what I just took from that conversation, that would be up to the fire marshal.

**0:21:42.5 Joe:** Well, and we need to clarify again whether that was a "would like to have" versus "no, this is an absolute requirement." Because again, I know a lot of the new homes are just requiring a certain amount of water storage dedicated to fire suppression on site and a fire sprinkler system to be built in the home. And yes, I understand that that's additional cost, but again, that is not something limited to our neighborhood. Other neighborhoods are doing the same thing. So we just need a clear answer on what that is. Because if it is we need to get to year-round water to release meters, we have a whole different discussion. And again, that's something we need to take back to the membership.

**0:22:19.3 Sarah:** Because we have dry lot owners that are wanting meters now.

**0:22:27.2 Joe:** Understood. I'm not disputing that.

**0:22:30.9 Sarah:** So I think for everybody to know the cost of year-round water, we should proceed with Phase 2 so that we have in our hand something that tells everybody this is what it's going to cost. Because our dry lot owners, they wanna know.

**0:22:50.6 Joe:** Well, I think again before we go down the route of that Phase 2, one, we need a solid answer whether or not that's required. But number two, the year-round water piece, replacing our infrastructure here on the mountain to get to that, needs to be treated as a separate project. Again, it wouldn't just be Mountain Regional we'd be looking at. We would do an RFP for other options for other companies to come in and do that work. Again, that needs to be completed as a completely separate project from this. Water source is the main focus at this point.

**0:23:25.8 Skyler:** Yeah. I want to be really respectful here of all the folks' time who are on this meeting, and we're nearly to the time allotted here. So I think the important takeaways are going to be what does the USDA need from us to support additional loan funds towards really any progress on this particular project? And what I have written so far, there are two things that have come up as requirements. One is Mountain Regional willing to serve as a wholesale supplier without the guarantee of annexation into the water district? So does this lead to some type of water connection? So I've got that action on Mountain Regional to discuss with the county to see if that is a possibility, serve as a wholesale supplier without the guarantee, but let's face it, probable eventual likelihood at some point in the future of annexation. And then two, does the scope of whatever the study we're embarking on actually develop a project with a clear path towards water connection at all? So those

are the two things that I have written down. Karl, am I missing anything, anything else specific in there that the USDA would like to see here?

**0:24:45.7 Dolly:** And I have a question.

**0:24:49.3 Skyler:** Yes, Dolly. Well, let Karl answer the question first, and then we'll get to your question, I promise.

**0:24:56.5 Karl:** Yeah, I think Lake Rockport needs to find out the answers to those questions. One, can you be a wholesale connector? And two, what would be the requirements under that connection? Would it be seasonal? What would it be? And then you can talk about what your options are after that. I'm just reading the chat now. There's a couple things I want to point out. One, Mountain Regional, I'm not speaking for them, but they're probably not going to give you as good a deal on water if you're a wholesale connector versus if you are a member. And if something, if they run out of water or whatever, you're probably going to be the first one to get cut off. So there are advantages to becoming a member of Mountain Regional. I'm reading in the chat a little bit about a scan. I assume you're talking about Willowstick or somebody like that saying, "Yes, there is water there." Realizing that if I would have looked at your well logs and stuff before you drilled your first well on this project, I probably would have required that as an option.

**0:26:14.1 Karl:** But what you have to realize, and you can talk to Holden Town if you want, they've done three or four scans and said it's a possibility, and they haven't found any water. So it's not a guarantee. And I haven't met a geologist yet or a well driller that says, "Yeah, we can't find you water," but yet it's not a guarantee either. So these are all things you need to talk to your mem-

bership about. It's my understanding that Mountain Regional has the water. That would be a guarantee that if you went that route, there would be water. You could drill 10 wells and you might not have anything. And if you look at your existing wells, there's kind of proof there that there's not much.

**0:27:03.4 Wendee:** Thank you. Thank you for stating that fact. I appreciate it.

**0:27:11.5 Joe:** But again, until we've done the due diligence, our members want to see the information. If we can put it forward again, separating out the annexation portion from a wholesale option and have firm numbers there. Even if we had firm numbers of what additional wells would be, I mean, just doing a surface scan would be a fraction of the cost of drilling a new well. But until we have all of the information to put out to the membership, we can't make that decision and the membership can't make that decision, at least not an informed one. And so I think that is the biggest piece here is just having all of the information, putting out to our membership and getting a vote on it.

**0:27:55.0 Skyler:** Yeah. As related to what we're talking about here, right? All the information that the membership would need for this wholesale option would be how much is this going to cost compared to the other options, right? So I think, Sam, you mentioned something that perked my ears up. The water transmission line from Promontory over to our infrastructure would likely be a project that would be handled by Mountain Regional at some cost to us and to the point of change of ownership. Did I hear that correctly?

**0:28:26.8 Sam:** Yeah. If there's any possibility for annexation in the future, we want to manage the project. Yeah, we'll respect, like, that's what we do. We're set up to do it.

**0:28:39.4 Skyler:** Okay. Yeah. And I think you'd do a better job at it than us. So I think what would it take to learn or understand what the... Get a cost estimate for that project? So I think we're getting now to the heart of the discussion of, hey, what additional things does Bowen Collins need to do? What additional funding do we need to bring to get that cost estimated?

**0:29:02.8 Jon:** It's for the Phase 1.

**0:29:04.2 Sam:** Yeah, what are you talking about?

**0:29:05.8 Jon:** You're talking the pipeline and PRB. That's that's in Phase 1. Okay, those are the costs in Phase 1.

**0:29:14.0 Joe:** I think if we could get clarity and again, I don't know how we do this unless we approach them, but the other big unknown of that approach is the easements that we would need to obtain. Because again, if we can't obtain the easements, it's a non-starter there. So the sooner we can figure that out and know one, if we could even get an easement, two, what the cost of that easement would be, I think would also greatly help inform the decision.

**0:29:41.9 Skyler:** Yeah, agree. Right. So we don't have a firm project with project schedules or anything quite like that or a bid package or we have I think what I would call a plus or minus 20% cost estimate in Phase 1. So we do have that, but trying to get a better understanding of what cost that might take. Maybe that's a further discussion between Bowen Collins and Mountain Regional.

**0:30:09.1 Jon:** It's really more... You're at, as defined as you can get at this point. I think in our previous, during Phase 1 discussions, said and we recommended, they don't get the attorneys involved, but broach these entities, hey, we're looking at a water line or however you want to approach that. Some of them are already defined, they're public utility easements. That's they don't, nobody gets any say on that. That's already defined. But anything that's not a public utility easement, then broach that. Hey, is this going to be something we can work through? And if not, then yeah, you're going to have to go around one of those properties. I can't remember exactly which one. But other than that, yep, it's feasible to connect the two. Hydraulics work, the water supply is there and everything we're talking about is to meet your peak day demand has nothing to do with your fire flows, which those things have come up. Those are totally separate issues that right now would be handled directly in Rockport Estate system for your storage and distribution. This is just how do we get the water there?

**0:31:28.5 Jon:** What you do with it, how it goes out from there is not addressed at this point.

**0:31:34.0 Sam:** Yeah, I think if it were a district project, like if I was managing it, I don't... I wanted better cost at this point. I think you got to start designing the project.

**0:31:42.1 Jon:** Yeah, you're into preliminary design to get any more definition.

**0:31:46.2 Sam:** You're doing a 30% design and working through easements at that point. And then yeah, likely we'll have a curveball and you'll have to realign and that's all part of the process. But doing anything better than whatever Jon's prepared is my opinion. I would say you would want to launch into a design, like a 30% design.

**0:32:04.2 Skyler:** Okay. And with that, and I promise I'm bringing my questions to a close here.

That 30% design, is that something that you would need Lake Rockport to bring to the table for you to take it over or would you like to kick off 30% design within Mountain Regional? How is that? I know this isn't typical, but what would you envision that looking like?

**0:32:23.6 Sam:** Well, I don't know. That's a good question. I guess I can't answer it yet, but talk maybe in like kind of a controlling our infrastructure. I prefer we manage the design certainly, but I think, okay, being that this is so unique, we could figure something out. But yeah.

**0:32:42.0 Skyler:** Okay, great. So to kind of summarize the project plan and then Dolly, I promise we'll get to your question there. So really we need an answer from the county, and Mountain Regional whether that wholesale supply without guarantee of annexation is even something that the county would be willing to accept. And then we would need an understanding from Mountain Regional what additional money we need to bring to the table, if any, that we could rely on our USDA loan to start engineering to get it to a point where cost estimates can be firmed up a little bit more. Because I think at that point, we need to get the engineering to a point where we can get the cost estimate a little more understood and presented to our membership for a vote. So somewhere in there, we need member consent, and to get member consent, we're going to need better costing. So does that all sound about right here? Okay. All right, great. So, Dolly, I know you had a couple of questions regarding the loan and its current structure. Might as well jump in with those, and then we'll do a quick roundtable to close out.

**0:34:03.7 Dolly:** Okay, so first question, people are asking about the lien. Is it a pre-lien, like a construction lien, or is it an actual lien that shows up on title? And then the second question is, we have a loan. Our terms of the loan state they're for wells only. If they get changed, do we have to go with

a new loan? Is it available, what the interest would be, and would our land, our 50 acres, still be used for collateral?

**0:34:36.4 Jon:** We can make a change of scope. Sorry, go ahead, Karl.

**0:34:40.7 Karl:** Yeah, we're talking about the same loan, same terms. We would just get permission to change the scope of the project.

**0:34:50.8 Jon:** Yep.

**0:34:51.6 Dolly:** And could we go back if it was going for wells once it's changed for the scope to go with Mountain Regional? I'm just making sure all questions are answered.

**0:35:03.4 Karl:** Boy, from my perspective, you would really have to have some good data to show that that was a viable option.

**0:35:17.6 Matt:** Considering the amount of money that you spent on a well that didn't produce but two feet per second, and it wasn't viable. I mean, it was everybody's good intentions to have a viable solution. Ultimately, that well was designed or intended to produce 100 to 200 gallons per minute, which is a pretty substantial well, and it would have satisfied a lot of your needs or should have satisfied not only your current demands, because if I remember right, you're at least 107 gallons per minute short right now with your existing lots, and your future full build-out was going to be closer to 200. And that wasn't relying heavily on your backup well that you turn on sparingly. So the people in Lake Rockport Estates, right now they're in a catch-22 because you can throw money at this trying to develop another well and come up empty, and that just is going to be the straw that

broke the camel's back. So when you're looking at Mountain Regional and you're looking at water as a wholesaler, you're saying, okay, right now I don't know what they can even provide you.

**0:36:35.4 Matt:** If they say, "Hey, look, we're willing to sell you 50 gallons per minute and that's it," and then you design your system that gets you through, like, "Hey, I can try to make 50 gallons per minute work for a certain amount of time, but I'm going to need to now augment that with more stuff." I don't think you're going to get annexed into their world until a lot of the little problems are solved, and that's a lot of money for a small little community. And you've already put a lot of money out there. So what you're really looking for in your solution bag is there's a water source and we're maybe just making sure that we're going to start with them selling us water, but at some point, you're all in with them. But you have to get something that's going to help alleviate the pain. You're in triage. You're in the ER room right now, and you need immediate help. And then you can start doing the other stuff, the rehab and the things that are going to take a lot longer. But if you're looking at your project and you're looking at what can we do?

**0:37:47.3 Matt:** I'm with Karl on this one. It'd be really hard-pressed to approve another commitment to drill another well with the amount of problems the well in that local vicinity is having. So you're probably looking at investing most of your eggs into a system that's going to draw resources from another location. And for your long-term full build-out condition, you're probably going to have to hitch your wagons to them and figure out a way to upgrade your system to meet their standard when that annexation comes through, because they're going to have standards that they're going to want you to live by. But that also complicates some of the stuff that Kevin, Karl, and I can do with the money that we have. So we're going to have to really be careful to what degree we're planning for a master plan for a future build-out, for answering the questions that Mountain Regional is going to have as to whether or not they're even willing to entertain something in the future. That's

probably... Right now, I don't think you're going to get enough people to say yes to that. It just seems like the cost, it's always going to come down to the money and the amount of cost.

**0:38:59.6 Matt:** And then I guess it goes back to your engineering firm, which is when we usually do a project, what we're looking for is an engineering report. It's a preliminary kind of engineering report, but it's a feasibility kind of a thing that talks about the various options that you have available. And because that initial report identified a bunch of options and settled in on a well as the best option, your best option went out the window. So now you're coming back to what else can we do? And you don't really have any good options. And so everybody just has to realize that this is going to take a lot of... If those owners that are tied to Lake Rockport Estates, they're going to want to be careful. It's their money. It's a loan, though. But at the end of the day, this report needs to identify hope for the future on how we're going to supply water to this community. And this next step needs to address that as clearly as we can, even if it's temporary, like with a temporary connection. But I think that temporary is going to be sold on a, "Hey, it's temporary."

**0:40:07.7 Matt:** But if you're Lake Rockport, unless you have a better option, I think you're going to have to start looking at the next pieces over the next 5, 10, 15 years. You can probably start voting right now on how much money you're going to try to stash away for the next piece that you're going to have to improve, and the next piece, in order for you to meet the standard that Mountain Regional is going to give you in order for you to actually annex. Because that's going to ultimately be the final, "Hey, we made it." It's a journey, but we made it. And unfortunately, we're talking about we just barely loaded up the cart and we're leaving Missouri and we're pulling the cart across the plains. We haven't even got to the mountains yet. You got a long haul ahead of you guys.

**0:40:55.4 Joe:** No, and again, I think that's great perspective and we're not disagreeing with you. I mean, we definitely understand the situation we're in. I think, again, it's unfortunate the past few years we haven't been able to move quicker than we have. But I think right now, as we've come to the conclusion, the next steps are clearly defined and we just need to truly focus on Mountain Regional as the wholesale connection. If we bring annexation into the discussion at this point, it's going to be a non-starter for many folks. We just need to look at the requirements for strictly wholesale as an option and then ensuring that those easements can be obtained in a reasonable fashion, because that's, again, that would be another non-starter. If they're not, I don't want to waste any more time on this until we could find another way around.

**0:41:48.1 Matt:** So Joe, just so you know, as I'm looking at and I'm brainstorming out what you can do, so far the feasibility study was kind of looking at a good scenario, like a really good scenario where I'm going to run a trunk line and I'm either going to go up the mountain or I'm going to go up the road and I may or may not tie into Lake Rockport's existing infrastructure, and that really plays a big part into what you can do. I would almost advise everybody to sit down for a second and say, "That may be a bridge too far, too." You may be looking at trying to tap a trunk line into a service line. So your transmission line only goes to a point, but you're metering this and so you're running it to a point and doing a stage change to try to now put a booster pump to pump it up to your tank after your meter. And then that would be your triage, stabilize. Nobody in their right mind will do this for a permanent solution.

**0:42:52.5 Matt:** It's basically going to be cannibalized and reused later on. So any booster station that you do there is temporary because you're going to want to redevelop your system. But to keep your cost down, running a transmission line all the way up to your tank is expensive, and you al-

ready have a line that comes down that one road and it's probably not to Mountain Regional's standard. And trying to replace it now might be too much to ask. So I would almost say somebody needs to sit down and I want you to think about Apollo 13 on the way to the moon. You're going to toss everything out on the table and you're going to say, "I need to take this round thing and it needs to put in a square peg and I need to get these astronauts home." And I want you to solve that problem first. Then you can start worrying about how you're going to get the rest of this to work out. In the meantime, you got to convince Mountain Regional that you're committed and you're going to do phases. So your project's going to be maybe 15 phases over the life of this, 20 years down the road.

**0:43:55.7 Matt:** But that first phase needs to do something, and then that second phase and the third phase, and you're going to have to work on this. And so by the time you get to the annexation equation, you've done what you need to do. In the meantime, Lake Rockport's going to have to tell a story to those people that are sitting on dry lots waiting for water and give them a timeframe as to when you think you might be able to serve them. Now, Rural Development's not worried so much about trying to answer that question today. We always understood that the original project was going to address that.