



First Water Bank of Utah, Inc.

**609 West Main Street
Vernal, Utah 84078**

INTERNAL MEMORANDUM

To: General Information
From: Dan Matthews, WETx CWO
Date: September 5, 2022
Re: Proposed List of Initial Customers and Contracts for FWBU.

1. Background Information:

A. Initial Potential Customer List. To the best of my knowledge, the First Water Bank of Utah will be the very first Statutory Water Bank in Utah. WETx is working with Ashley Valley Water and Sewer Improvement District, who will be the initial sponsoring entity of FWBU. Other entities, including Vernal City and Uintah Water Conservancy District, have expressed preliminary interest in participating, but are not currently part of the applicant group.

Because it's the first of its kind in Utah, FWBU will be testing various policies, procedures and methods for implementing the Water Bank. WETx has been retained to create the blockchain based transaction platform for FWBU. In order to provide real transactions, WETx proposed to take some of AVWSID's existing contracts and "recreate" them as transactions of FWBU. This will allow accurate testing of the platform, and will give FWBU an actual footprint as a water bank.

The conversion of existing contracts will be conducted with the cooperation and consent of the parties to the contracts. This memorandum provides ten plus examples of existing contracts that could be converted to FWBU transactions once the formation of the Bank is approved. The parties to these contracts have not yet been contacted by WETx or AVWSID to discuss this option. Therefore, the contents of this memorandum are for internal discussion purposes only.

B. Existing Customers and Contracts that could be converted to use FWBU Platform. AVWSID, as the sponsoring entity, is in a good position to initiate transactions through FWBU due to its existing contracts. The following are some of the existing contracts that could be reviewed to see if they could be converted to Water Bank transactions:

- i. AVWSID contract with Ramsey Hill Exploration LLC;
- ii. AVWSID contract with the Maeser Water Improvement District;

- iii. AVWSID water contract with Jensen;
- iv. AVWSID contract with Vernal City;
- v. AVWSID contract Uintah County (parks and public spaces);
- vi. AVWSID contract with Burdick Paving (locate existing Contract);
- vii. Existing repeat customers of the Fill Station (as shown on the attached Exhibit);
- viii. Churches and other large secondary irrigation users that are current customers of AVWSID);
- ix. Uintah School District; and
- x. Uintah Recreation District;

C. Additional Options for Customers and Contracts. It will obviously be desirable to include transactions that are not wholly dependent upon AVWSID as one of the parties as soon as possible. We are aware of various irrigation users that could also be approached about participating in test transactions of irrigation water within existing service areas.

2. Benefits of Initial Transactions: Although they have been used in some surrounding states for some time, water banks are a new idea in Utah. FWBU will be the initial statutory water bank that will be approved under Utah's water banking statute. The trading platform is also in the development stage. Having some initial customers and transactions that are prepared in advance will help promote the success of FWBU.

EXHIBIT "A"
FIRST WATER BANK OF UTAH
PROPOSED SERVICE AREA MAP