

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JANUARY 12, 2006

SHELDON D. RICHINS BUILDING

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick-President, Eric Anderson-Vice President, Cal Cragun, Bill George, Dan Heath – Board Members

Ex Officio: Brody Blonquist - Water System Manager.

President Eric Cylvick called the meeting of the Pine Meadow Mutual Water Company Board of Trustees to order at 6:37 p.m.

1. Minutes

MOTION: Eric Cylvick moved to approve the minutes of December 15, 2005 as written. Bill George seconded the motion.

VOTE: The motion passed unanimously.

1. Financial Report

Mr. Cylvick reported that he intends to use the same budget figures for 2006 with the exception of increasing the insurance budget and adjusting a few minor line items. He will keep the same numbers for repair and maintenance and put the rest of the money into the well fund. Mr. Cylvick recalled that the well was supposed to be approximately \$140,000 and he would like to budget \$160,000 as a buffer for possible increased costs.

Mr. Cylvick commented on a discussion about dragging out the machines on March 1 since it will take a month to drill. If it ends up taking six or seven weeks, they would still be within the time line for the loan process. He noted that the well must produce 62 gallons per minute before they can get their money. Another scenario would be to drill another well somewhere else so they can keep the process going.

Brody Blonquist noted that they will need to make a decision before too long so Robert can schedule it in his book. Mr. Cylvick replied that he will call Robert tomorrow because they have the money to do the work. The Water Company needs to pay for the well and prove they have the water before they can receive any loan money. Mr. Blonquist stated that when he was hired, the first thing he noticed was that Pine

Meadows lacked source capacity. He believes that Pine Meadows needs the source capacity even without the loan. Mr. Cylvick agreed that having water will be huge for future fire flow and other uses and it is important to put the wheels in motion.

Mr. Cylvick stated that he would prepare the budget this weekend and email copies to all the Board members. He felt that doing some of the projects in-house would provide a great savings. Mr. Cylvick asked Mr. Blonquist to talk to Chad about the cost of leasing a track hoe for the summer. He suggested that Mr. Blonquist put together a list of projects and everything needed to do these projects themselves. These projects should only be for the water line.

Mr. Cragun noted that the agenda refers to the hiring of an additional full-time person. Mr. Cylvick stated that this would be something to consider in the future. Mr. Cragun remarked that hiring another full-time employee would provide the potential for putting Mr. Blonquist on a better insurance policy at a lower cost. Mr. Cylvick recommended that they wait until the system is in and working before they worry about hiring an assistant manager. Mr. Cragun remarked that by hiring another person full-time and changing to a group insurance policy would save between \$500 to \$1000 per month. Mr. Cylvick remarked that the total income for 2005 turned out very good. They are \$121,000 over budget. They were over budget on some expenses, mainly because they had excess income and they purchased tools, upgraded the shed, purchased chains for the backhoe and other things. The cost for Total Management Services was down 86%. He budgeted for Cole for the month of October but that money was not used.

Mr. Cylvick noted that Carol has been doing extra work in preparation for the loan and her costs exceed what was originally budgeted. He will budget more for 2006 to cover these costs. The water shares and water system improvements were lower, primarily because they postponed the project on Modoc Loop. Mr. Cylvick had budgeted \$31,000 for repair and maintenance and they only spent \$21,000. He will probably budget \$30,000 for repair and maintenance for 2006. Mr. Cylvick reported that there was \$419,000 in the money market checking account. He commented on the influx of people moving to Pine Meadows which creates more activity and more usage. Rather than being behind the eight ball it is important to stay ahead of it. Mr. Cylvick believed they were on track.

Mr. Cylvick noted that they still had not funded the restricted fund balance. Carol needs a signer with the bank. Mr. Cragun remembered that he needs to be put on as a signer and offered to contact Carol. Mr. Cylvick pointed out that Carol cannot transfer money into the restricted fund balance without his signature. He noted that the Board made a motion at a previous meeting to fund the transfers.

Mr. Cylvick stated that the profit and loss/budget versus actual needed to be approved.

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MOTION: Mr. George made a motion to approve the profit and loss and the balance sheet as presented. Mr. Heath seconded the motion.

VOTE: The motion passed unanimously.

1. **Unpaid Bills**

Mr. Blonquist reviewed the unpaid bills. The bill from Chem-Tech was for lead and copper samples. The Coalville Auto and Farm supply bill was for anti-freeze and other items for the backhoe. Mr. Blonquist understood that Carol was still working on getting the credit from Half Day Dave's Trucking. KGC Associates is Carol's bill. The bill from Kip O'Brien was for the pipe rack in the office. The Komatsu Equipment bill was for chains for the backhoe. Mountain Wireless is the monthly internet bill. Mr. Blonquist noted that the internet bill covered November and December 2005, and January 2006. He stated that the cost increased \$10 because he got an IP address so he could get on the internet from his house. Rural Water Association was for annual dues. Sinclair Fleet is for fuel and Suburban Propane is for the propane and heaters at the shop and office. Mr. Blonquist presented the usual bills from Utah Power, Utah State Tax Commission, and Verizon Wireless.

Mr. Cragun wanted to know how long the propane is supposed to last and how often they will need to replace it. Mr. Blonquist stated that when he checked it the middle of December it had only used 15 gallons. It is a 500 gallon tank and he expected it to last three seasons. Mr. Cylvick believed it was a 1,000 gallon tank.

MOTION: Mr. Cragun made a motion to approve the unpaid bills. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick stated that he spoke with Mr. Blonquist about getting an outside lock for the gas cans. Mr. Blonquist noted that they keep a lot of gas cans up there and he felt they should be protected. Mr. Cragun felt this was an excellent idea since they are seeing more problems as they become more well-known.

1. **Manager's Report**

Mr. Blonquist referred to a bill from Alpine Survey. He explained that he called someone at Alpine Survey to survey the property where they want to drill the well but he was unavailable for six weeks. Mr. Blonquist called around and found someone who could do the survey in a week. He left a message with Alpine Survey to cancel. Everything went well, he paid Utah Surveyor, he was given a map, and the survey was recorded. In the middle of November the man from Alpine Survey called him wanting an address to send his bill for surveying the property. Mr. Blonquist told him that he had canceled. This man said that he had surveyed the property anyway and Pine Meadows needed to pay him. Mr. Blonquist told him that Utah Survey had already surveyed the property and he refused to pay the bill. This man had said he would pull his survey stakes, however a few weeks later he called to say that he was sending the bill. Mr. Blonquist asked this person to come up and show him what property he had surveyed. Mr. Blonquist noted that Utah Survey had been there two weeks prior to the time this man from Alpine Survey came up. There were no marks on the property so he surveyed the property again. The bill is for \$1300. Mr. Cragun recommended that the Board ask the attorney to write a letter to Alpine Survey saying that he could not meet the required procedure time and he was canceled in good faith. Mr. Cragun felt that spending a couple hundred dollars for an attorney was better than giving Alpine Survey \$1300. He advised Mr. Blonquist to discontinue further conversations with this person. Mr. Cylvick asked Mr. Blonquist to chronologically write down the dates when everything transpired and email it to him for the attorney.

Mr. Blonquist reported on the different prices for chlorinators. The first is \$10,000 which includes putting a light on the outside of the pump house that would alert them to chlorine gas inside the pump house. He noted that the \$10,000 option would be following the State regulations. The other option is a type of chloride that uses a hydraulic tank rather than the pulse pump they use now. This chloride is already mixed in ten gallon buckets and you drop the hose in so there are no fumes. This option is \$3,000. Mr. Cylvick wanted to know the best place to put a tank. Mr. Blonquist recommended Bob Cat or Contact. In the winter time it would be easier to access Bob Cat unless they start plowing at Contact. Mr. Blonquist personally recommended Contact because people are always at Bob Cat Springs. Mr. Cylvick remarked that if the chlorinator can be part of the loan they should go with the best system. Mr. Blonquist noted that so far the State has been lenient with their current chlorination program but that could change. Mr. Cylvick stated that he would add an additional \$10,000 to repair and maintenance.

Mr. Blonquist reported on a letter he received from Summit County regarding the environmental assessment, stating that if they do build a 500,000 gallon tank the whole tank needs to be buried. There cannot even be 1% of concrete that sticks above the ground.

1. **Previous Business**

Mr. Anderson commented on a previous discussion about adding Whiskey to the insurance. Another issue discussed was about having the HOA pay half the phone bill for the Water Company. Mr. Heath noted that the HOA did not have a quorum at their last meeting, however he did let them know to expect it since she was answering calls for both the Water Company and the HOA. Mr. Heath suggested that they divide the bill in half. Mr. Cylvick authorized Carol to divide the phone bill in half between the HOA and the Water Company.

Mr. Anderson stated that he had forgotten to look into transferring the phone number from Karen to Carol but he will work on it.

Mr. Cylvick reported that he spoke with Patty Charles about her bill. She told him that when work was done on the road the water meter was broken. Ms. Charles informed him that seven or eight years ago they had another over-usage and there is no way they could have used that amount of water. Mr. Cylvick felt the best solution was for Ms. Charles to pay the base fee and hold off on the remainder until they can read her water meter. The bill is \$4200. He told Ms. Charles about the one time reduction, which they are entitled to, since it was not in place seven years ago. He let her know that if she uses her reduction this year she will be responsible for any overages in the future, regardless of the amount. The Board will re-address this matter in the Spring and Ms. Charles will not be charged late fees or interest.

Mr. Cylvick referred to Scott Boyle's request and recalled that the Board had decided not to adjust his rate. After further discussion, the Board held with their previous decision to avoid setting a precedent. Mr. Cylvick requested that Carol write Mr. Boyle a letter asking him to contact Eric Cylvick.

MOTION: Mr. Cylvick made a motion to add Jim Wilson to the insurance as a heavy equipment operator. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick will contact Kenneth Vann regarding excess water usage, PI-F-38.

Mr. Cylvick asked Mr. George to be in charge of the follow-ups since Mr. Anderson has taken on the responsibility of the web site. Mr. Anderson explained his system for tracking what was discussed at the meeting and what each person was assigned to do to make sure they are taking care of their customers and important business. Mr. George was happy to take on this responsibility.

1. **Open Discussion**

Mr. Cylvick continued the discussion from Summit County regarding the 500,000 gallon tank. Mr. Cylvick noted that the County ordinance requires the entire tank to be buried ten or twelve feet down and he wanted clarification of the ordinance and whether the depth is measured below grade or above grade. He stated that the soils engineer came out and found bedrock twelve feet from grade. Mr. Cylvick told Dave Dillman to contact Summit County to see if any portion of the concrete can be exposed or if it can be exposed if it is acid washed or stained. If neither option is allowed, he wanted to know if they can put the tank in the ground and cover it with 16" of soil. Mr. Cylvick noted that it will probably cost an additional \$50-\$75,000 to blast and remove the bedrock.

Mr. Cylvick noted that the next meeting is scheduled for January 26 and that will be the required public meeting devoted to discussing the loan. The objective for the February 23 meeting will be to discuss the environmental assessment.

Mr. Cylvick stated that he maintains constant communication with Merrick Fisher at the Division of Drinking Water to make sure everything is in order for the loan.

Mr. Cylvick reiterated his suggestion to hire another full-time worker in the next year or two as a back up for Mr. Blonquist. If they obtain the loan, he believes they will have to change how they have done things in the past.

Mr. Cylvick felt that engineering should be included in the budget even though they will get reimbursed once they obtain the loan. He will contact Dave Dillman and get a budgetary figure so they can begin engineering these projects.

Mr. Cragun did not have an update on Now Recovery but he intended to call Carol tomorrow to get the status.

Mr. Cylvick commented on the great job Mr. Anderson has done with the website. He saw the site today and it looks great. It's easy to understand and the documentation is good.

Mr. Cylvick reiterated that Mr. George will handle the follow up issues. Mr. George wanted to know how he would get the complaint letters. Mr. Cylvick replied that they will come in a packet from Carol and the Board will address them at each meeting. Mr. George will keep track of who is supposed to follow through and call to remind them. Mr. Cylvick noted that annexation issues were posted on the website. The property owner does have to purchase a water share and sign it over to the Water Company.

Mr. Blonquist stated that he attends the St. George conference each year and he filled out the application to attend again this year. The conference is February 28-March 3. He wanted to know if he should clear the well site from snow before he leaves for the conference. Mr. Cylvick agreed that he should clear the site at the top of Valley Vista.

Mr. Anderson suggested that one of the Board members also attend this conference. He went last year and it was very worthwhile. Mr. Blonquist noted that the cost for three days is \$155 which includes breakfast and lunch. Mr. Anderson summarized the topics discussed at this conference. Mr. George expressed an interest in attending.

MOTION: Mr. Cylvick made a motion for the Board to pay the costs for one Board member and Mr. Blonquist to attend the conference in St. George. Mr. Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cragun commented on the bridge plan for Mr. Blonquist's insurance which is now in effect. This bridge plan covers 100% of the hospital up to \$1500, 100% up to \$750 in out-patient services, \$20 per doctor visit up to \$240 or twelve visits, and a wellness benefit checkup. He noted that the only way to add a maternity benefit is to go into a true group plan. IHC has a maternity plan but there is a \$5000 deductible before it would take effect. Mr. Cragun stated that the Government Trusts has nine different plans and Mr. Blonquist is eligible for seven of the nine. The price would range from \$1,072 up to \$1448 per month. With the thought of hiring another full-time employee, Mr. Cragun noted that they could insure a two man group with the cost being approximately \$500-\$600 per month for each employee. Adding another employee to the Government Trust Program would be half the cost. Mr. Cragun remarked that the Government Trust is a better program for Mr. Blonquist but the cost is \$1,072 per month. This would lower the deductible from \$500 with IHC down to \$250 and add maternity. Mr. Cragun felt the question is how soon they would want to hire another full-time employee. Mr. Cylvick did not think that would happen anytime soon. Mr. Cragun asked the Board to seriously consider whether they want to improve Mr. Blonquist's health insurance from where it is now and go with Altius through Government Trust at the cost of \$1,072.

Mr. Blonquist appreciated any insurance, however with the IHC plan he paid \$4600 out of his own pocket for medical expenses. This is why he asked Mr. Cragun if there were any other options. Mr. Cragun noted that the current IHC insurance has been in effect since October and Mr. Blonquist can resubmit any bills covered by this policy. Mr. Cylvick asked for Mr. Cragun's opinion. Mr. Cragun remarked that as an employee, it would be better to have the better coverage. He reviewed the difference in coverage and costs between the IHC plan and the Government Trust plan. The Board discussed how Mr. Blonquist is reimbursed for his portion of the insurance costs and whether it affects his gross income. Mr. Blonquist stated that he is not able to write off his portion of the premium on his taxes because the Water Company claims it as a reimbursement. Mr. Cragun offered to call Carol to see how this should be handled. Mr. Cylvick felt they should go with the better plan.

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Mr. Cylvick asked Carol include an extra \$20 in the check she sends to pay for using the Richins Building for their meetings so he does not have to pay the extra amount out of his pocket.

The regular meeting of the Pine Meadows Mutual Water Company Board of Trustees adjourned at 7:55 p.m.

Minutes Approved

Date