

PINE MEADOW MUTUAL WATER COMPANY
BOARD OF TRUSTEES MEETING

THURSDAY, AUGUST 23 , 2007

PINE MEADOW RANCH
SUMMIT COUNTY, UTAH

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

Brody Blonquist was excused.

Ex Officio: Trevor Townsend

Guest: Frank Walters

President Eric Cylvick called the meeting to order at 6:35 p.m.

Minutes

MOTION: Eric Cylvick moved to APPROVE the minutes of August 9, 2007. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously. Dan Heath was not present.

Public Comment

Frank Walters presented a map showing Uinta View Drive and indicated parcels 18,19, and 11. He stated that his property is in proposed Plat H but it has never been platted. It is a shared ownership and John Godfrey, with Granite Construction, and two other ladies, have ten acres above, and the road separates their property from his property. Mr. Walters stated that his reason for coming to the Board was to request approval for water. He put in power three years ago and at this point he is unable to do anything with his land, according to Summit County. Mr. Walters remarked that he spoke with the secretary of the Water Board and she said he would need to pay an \$18,000 fee to annex into the Water District. He wanted to know if the \$18,000 was included in the impact fee. Mr. Anderson replied that it is the impact fee and annexation. He explained that \$11,000 is the annexation fee and \$6500 is for meter installation and the impact fee.

Mr. Walters stated that he purchased his land in 1982 and he bought on good faith not thinking there would be any problems. He found that there was a lien on the property that was eventually cleared up and he was given clear title. Mr. Walters explained that he spent two hours with the Planning Commission last week in Coalville pleading his

case. They said that in 1977 the land was drawn up to be platted; but then backed away from it. In 1992 it came up again and they ran into problems; however, no one will tell him what the problem was. He believed it was the lien and that lien has now been removed. Mr. Walters pleaded with the Board to give him water.

Mr. Cylvick stated that putting in a meter is a one day job. His concern is whether Mr. Walters has a platted lot that they can service. Mr. Anderson asked if the lots are part of Summit County. Mr. Walters answered yes and noted that as a representative of this group, he is billed each year for taxes for 14 acres. Mr. Cylvick clarified that out of five owners, there are 14 acres. He wanted to know why the County will not allow him to build. Mr. Walters reiterated that no one will tell him why. Mr. Cragun remarked that the Board would need to find out why before they can approve water. Mr. Cylvick explained that the Board is willing to help but it must be a platted lot. Mr. Walters clarified that Summit County would need to plat the lots. Mr. Anderson asked if the County is saying that all 14 acres are one lot. Mr. Walters answered yes. Mr. Anderson remarked that as one lot they would qualify for one meter. Mr. Anderson thought this situation sounded familiar. Mr. Walters stated that he came to the Board four years ago and at that time the Board wanted to check with their attorney.

Mr. Cylvick felt the Board needed to know more about this situation. Mr. Anderson reiterated that if all 14 acres are considered one lot they would only get one meter, and that presents a sticky situation. He asked if there are multiple homes on the land. Mr. Walters replied that the land is vacant because the County will not let any of them build. Mr. Cylvick stated that if there is a platted lot, Pine Meadow could annex them in and provide water. Mr. Walters asked if Pine Meadow could request that the parcels be platted. Mr. Cylvick replied that Pine Meadow is a water company that services platted lots and they do not have any clout with the County. Cal Cragun felt the burden should be on Mr. Walters to work with the County to find out why the land was never platted. Once he has that information and the property is platted, he could see no reason why the Water Company would not be able to grant his request. Mr. Cylvick clarified that the Water Company was not opposed to serving water; but it must be on a legal lot and that is dictated by the County.

The Board concurred that Mr. Walters has the right to pursue the matter with the County and to be given an answer. Mr. Cragun suggested that Mr. Walters talk to County Commissioner, Sally Elliott, and ask her to intercede with the County. Mr. Cylvick pointed out that Pine Meadow H-14 and H-15 are platted lots. He suggested that Mr. Walters find out who has title to those properties. Mr. Cylvick did not believe there was anything the Water Company could do for Mr. Walters until the lots are platted. Once that occurs, they would be willing to serve him with water.

Mr. Walters clarified that \$18,000 would include the impact fee. Mr. Cylvick replied that it would include the meter, his line from the meter up to his house, and annexation into the Water Company. Mr. Cylvick asked Mr. Walters to contact him when he has the appropriate information from the County. The Board would need to know if the property

is platted and the lot number. Once they have that information they will service the lot for \$18,000.

Financials

The Board reviewed the profit and loss/budget versus actual. Eric Anderson did not believe the financials had changed much since the last meeting. Mr. Cylvick did not expect to see much difference at this point. Mr. Anderson noted that the standby fee was slightly over 80%. He asked if there was a list of property owners who have not paid either the standby fee or the meter fee this year. Mr. Cylvick pointed out that he had significantly over budgeted on excess water assessments that he expected to be paid for 2006 and 2005. He and Carol had worked off a percentage and over estimated the payments for those years. Bill George asked what the impact fees normally run and asked if they have significantly increased over the past three years. Mr. Cylvick stated that three years ago they had 21 connections in one year at \$6500. The second year it was lower. He estimated 36 for this year based on those numbers and he came fairly close. The fee is still \$6500. Mr. Cylvick believed they were on budget or close on most of the items.

MOTION: Eric Anderson moved to APPROVE the profit and loss. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Cal Cragun asked if there was any cross over expense between equipment/repair/maintenance and gasoline/maintenance. Mr. Anderson believed that equipment referred to heavy equipment and gasoline has to do with the truck. Mr. Anderson noticed another classification for vehicle equipment. Mr. Cragun felt they should find out what is covered under each of those classifications. Bill George asked about the old Kubota. Mr. Cylvick replied that the Kubota was traded in on another vehicle for \$6500.

MOTION: Eric Cylvick moved to APPROVE the balance sheet. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

The Board reviewed the unpaid bills.

MOTION: Eric Cylvick made a motion to pay Immersion Web Development \$760, for the yearly hosting and update fee. The hosting fee is \$160 and the update fee is \$600. Cal Cragun seconded.

VOTE: The motion passed unanimously.

Trevor Townsend reported that the bill for Capital One was for the chop saw. Mr. Cylvick noted that the saw broke and Mr. Blonquist had called him about purchasing a new one. The crew was waiting to use the saw and the cost to rent one was \$90 per day. The cost to buy one was \$1,000 and he authorized that purchased. Mr. Cylvick stated that the bill from Catapultion was for the internet. The bill from Clyde, Snow, and Swensen was for attorney charges regarding the Leon Gale/McCallister situation and a conversation about liquidated damages from J & R Development for the tank. Mr. Trevor stated that the bill from Delco Western was for the automatic valves for the 200,000 and 500,000 tank, as well as the PRV's for Forest Meadows. There were also bills from Home Depot and Humpty Dumpster, and Komatsu Equipment. The bill from J & R Development were retainers for the water tank. Mini Mobile was for the storage unit. The bill from Mountain States Water Works was for joints and miscellaneous items. Mr. Cylvick indicated a \$49 credit from Rocky Mountain Power. The bill from Sinclair fleet was for oil. Mr. Townsend noted that the bill from U.S. Bluebook was to replace the transmitter that was struck by lightning. He noted that U.S. Bluebook also repairs transmitters and they plan to repair the old one to have as a back up. Whiskey River Trucking were the charges they agreed to pay Whiskey for work on Running Deer, Deer Loop, Uinta, and Elk Road.

MOTION: Eric Cylvick moved to APPROVE the unpaid bills. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Bill George seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick reviewed the bill from J & E Excavation. He noted that \$17,160 was for Jed's time on the trackhoe. The truck time was \$7,335.

MOTION: Eric Anderson made a motion to pay J & E Excavation Inc., \$17,160 for the trackhoe and \$7,335 for the trucks. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick presented a bid to do all the pump houses 1-8, the office, and the shop for a total of \$19,008. He felt it was important to have the work done.

Manager's Report

Mr. Townsend reported that Elk Road was finished today and the dirt will be hauled away tomorrow. They will start on Alexander on Monday. Being delivered the wrong vault and hitting an unmarked power line put them behind schedule this week.

Mr. Cylvick reported on a call he received from Joel Dunning who owns the house next to the tank. Apparently the tank encroaches on to his property a lot more than what was anticipated with the easement. Mr. Cylvick, Mr. Blonquist and Mr. Townsend should go up there next week to look at the problem.

Mr. Cylvick noted that Mr. Blonquist had called him about putting road base on Elk Road to avoid a muddy mess. Mr. Cylvick asked about the cost. Mr. Townsend stated that they plan to use 3" minus, which is less expensive. He noted that the bill for laying road base on Uinta View was \$3500; however the Homeowners received a \$20,000 bill from Whiskey. Mr. Cylvick asked Mr. Townsend to call him with the cost before they do Elk Road.

Miscellaneous Business

Cal Cragun presented a bid from Local Government Trust for their insurance. He will find another company to bid so they can have two competitive bids. This would include auto insurance, workman's compensation insurance, health insurance, and liability insurance for a total insurance premium of \$23,084 per year.

Mr. Cylvick updated the board on the issue with Jeff and Carol Jensen. He noted that the Jensen's had wanted to do two annexations without paying impact fees. At the time he wrote a letter enabling them to get building permits to move forward. The letter basically said that Pine Meadow would annex the property according to the rules and regulations in the bylaws. After receiving the letter Mr. Jensen had told him they were only requesting an easement and not an annexation. Mr. Cylvick informed Mr. Jensen that this would need to be part of the contract agreement; however, annexation would be the fastest way to get a building permit. Mr. Cylvick assumed Mr. Jensen had obtained his building permit. Now, after all this time, he received an email asking for the easement agreement. Mr. Cylvick asked Ted Barnes to write a letter to Mr. Jensen. Mr. Jensen wrote back saying that they were not joining the Homeowner's Association. Mr. Cylvick sent another email and Carol Jensen contacted him and requested that Dan Heath not receive the email because she did not want him to know about it. He informed Ms. Jensen that Mr. Heath was a member of the Board of Trustees and he needed to know what was going on.

Mr. Cylvick pointed out that according to the by-laws, all property owners within Pine Meadow must join the Homeowners Association. He wrote back informing the Jensen's that Pine Meadow would not be able to move forward with the easement without their willingness to join the HOA. Mr. Cylvick stated that without the easement the Jensen's will have to drill wells on their property in order to get water. Mr. Heath asked why the Jensen's were opposed to joining the HOA. Mr. Cylvick was unsure, noting that Mr. Jensen has not personally called him to talk about it or to negotiate. He

stated that Pine Meadow has the bylaws to support them and there should not be any legal problems.

Mr. Cylvick reported that Stagecoach Water Company is moving towards getting a grant or low interest loan to upgrade their water system. Once that is done they are looking at turning it over to Mountain Regional Water to manage the system. Mr. Cylvick stated that he received a call from the President of Stagecoach Water Company and there may be an option to design the Stagecoach system with enough storage and large enough lines to offer Pine Meadow a source. He noted that this was all very preliminary. Pine Meadow would not turn over their water company to Mountain Regional. It would be an additional source that Pine Meadow would treat like a well and pay \$5 per 1,000 gallons. This would give Pine Meadow another source if Uncle Tom's goes down. Mr. Cylvick remarked that it may require Pine Meadow to transfer some of their water shares over to them for a 20 year lease. He felt this could possibly be a better option than paying to drill another well that could come up dry. He realized that they need to know more details and he is meeting with Mountain Regional in two weeks. He assumed that Stagecoach would analyze their system with and without the Pine Meadow hookup and Pine Meadow would be asked to pay the difference. Mr. Cylvick told them that the Board may consider a \$250,000 difference but if it is \$750,000 he could probably guarantee that they would not be interested. Mr. Cylvick will follow through with Stagecoach and Mountain Regional to see if it is a better option than drilling another well.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:45 p.m.

Minutes Approved

Date