

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, AUGUST 13, 2009

PINE MEADOW RANCH

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick - President; Brian Zelch, Cal Cragun, Hutch Foster - Board Members

Bill George was excused.

Ex Officio: Brody Blonquist–Water System Manager; Trevor Townsend

Guests: Larry Holt and Gaylene Woodruff, Lot PI-C-7,8 & 9; Keith Vanness, Lot PI-B-7 & 8; Tom Lecheminant, PI-D-29

President Cylvick called the meeting to order at 6:36 p.m.

Financials

Eric Cylvick reviewed the profit and loss/budget versus actual. He had budgeted \$538,000 for total revenue; however they were under budget at \$440,000. The impact fees were significantly down. He had also budgeted one annexation fee for 2009, but he no longer anticipated one for this year. He noted that several people were paying their assessments on a monthly or quarterly basis and he expected the total revenue to reach closer to budget once those payments were made. Mr. Cylvick noted that the excess water assessment was within a \$1,000 of budget.

Mr. Cylvick stated that the collection process had upheld some of the 2008 and 2007 excess water assessments. Auto insurance was 25% higher than what was budgeted. Mr. Cylvick explained that legal fees were also higher due to an increased number of conversations with the attorney regarding certain matters.

Mr. Cylvick reported that the net income was \$141,957. Payments on the loan are made monthly to save on interest and to avoid a large balloon payment.

MOTION: Eric Cylvick made a motion to APPROVE the profit and loss/budget versus actual dated August 13th, 2009. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick reviewed the balance sheet, which showed \$352,000 in the bank. The water system was at \$5.6 million. Mr. Cylvick reported that they owe approximately \$3 million to the Division of Drinking of Water. That amount was still under the \$3.8 million loan that was secured.

MOTION: Eric Cylvick made a motion to APPROVE the balance sheet dated August 13, 2009. Brian Zelch seconded the motion.

VOTE: The motion passed unanimously.

Minutes - July 23, 2009

MOTION: Cal Cragun moved to APPROVE the minutes of July 23, 2009 as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Public Comment

Larry Holt - Lot PI-C-7, 8 & 9

Larry Holt stated that from the time Brody and Trevor tested his meter on June 2nd and retested again on July 27th, they were charged with 13,650 gallons of usage. His average up to that point was between 30 to 50 gallons per day. In less than two months his usage increased to 248 gallons per day. Gaylene Woodruff pointed out that they were away from the Ranch for fourteen days in July.

Mr. Cylvick asked if the meter was reflecting the increase from 35 gallons per day to 248 per day. Mr. Holt answered yes. He had checked for leaks and there was no explanation for the increase. Mr. Holt understood that in the past others had experienced problems with suspected water theft. Mr. Cylvick remarked that in 2000 people were claiming that others were stealing water, but that has never been proven. Some saw trucks in the remote areas of Forest Meadow and they think they were hooking on to fire hydrants. Brody suggested putting a lock on the meter if Mr. Holt was worried about water theft. Mr. Cylvick agreed that it might be wise to lock the meter to see what happens.

Mr. Cylvick commented on a program he started last year. When Mr. Blonquist reads the meters in October, if anyone is 20,000 gallon over the previous year usage, Mr. Cylvick, Brody and Trevor re-read those specific meters to make sure it was not a clerical error. If the meter needs to be tested it can be tested in the Spring to hopefully find the problem. Mr. Cylvick specifically recalled stopping by Mr. Holt's place on October 31st. He was not home but the meter was turning. When that happens it could be a toilet running or some other problem inside the house. Mr. Cylvick felt the first step was to lock the frost free. Ms. Woodruff pointed out that the usage problem had not occurred until the new meters were installed.

Mr. Holt stated that the usage initially jumped 6,000 gallons from the previous year. When the new meter was installed later in the year, the usage increased significantly. Mr. Cylvick asked if Mr. Holt was requesting a different meter. Mr. Holt replied that his intent was to make the Board aware that he was still having problems. Mr. Blonquist stated that he had encouraged Mr. Holt to attend a Board meeting to see if the Board was interested in replacing his water meter.

MOTION: Eric Cylvick made a motion to install a new meter for Larry Holt based on the unusual usage numbers.

Cal Cragun asked if the meter could be tested to make sure it is faulty. Mr. Blonquist stated that the meter had already been tested.

Mr. Cylvick reiterated his motion to install a new meter and to keep the other meter until they determine whether that was the problem. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Ms. Woodruff wanted to know how many people share their same water line. Mr. Blonquist believed it was approximately 10 people. She suggested that they find out if those people are having the same problem. Mr. Cylvick suggested that the Holt's work with Mr. Blonquist to contact those people. Mr. Holt noted that he was unaware that Mr. Cylvick and Mr. Blonquist had seen his meter running steadily slowly when he was not home. Mr. Cylvick clarified that the water was not running significantly and it looked more like a leaking toilet.

Ms. Woodruff stated that she had contacted other water companies and found that the cost for water at Pine Meadow is considerably higher. Mr. Cylvick explained that the cost is higher because they own the system and do not receive a tax subsidy. The \$6 million system that had developed over time is owned by the Water Company. Many other water systems are subsidized through other means and most are City or County water systems that receive tax dollars. Mr. Blonquist pointed out that the actual water cost may be lower but people ultimately pay more through their taxes. Ms. Woodruff stated that Pine Meadow owners also pay taxes. She asked if it was possible to have a subsidized system. Mr. Blonquist stated that Pine Meadow would have to become a special service district through Mountain Regional Water. He noted that Pine Meadow previously was a special service district and after a few years the County dissolved the district.

Mr. Cylvick explained that the only way to get year-round water was to convince the shareholders that the people using the water would be paying for it. Those who do not have cabins pay standby fees. Those with cabins who use the water pay the bulk of the cost of the water system and the water because they are the ones who use it the most. The majority of property owners are not year-round residents. Mr. Cylvick stated that if

they are lucky enough to find additional sources of water and more people move up to the Ranch, it might be possible to lower the rate for everyone.

Mr. Blonquist pointed out that the Water Company is a non-profit organization and all money collected must be recouped back into the water system.

After further discussion, the Board kept with their original decision to change out the Holtz's meter. As suggested by Brian Zelch, they would install a mechanism to see if someone was stealing water. If they find that it is water theft, that would be helpful information for everyone. They should contact Brody in a few weeks to see if the problem is resolved and hopefully have their bill adjusted.

Keith Vanness - Lot PI-B-7-8

Mr. Vanness stated that his bill was extremely excessive this year. At one point in 2008 when Brody checked the meters, his was spinning when he was not home. He was unsure whether or not it was a leak but he used approximately 200,000 gallons. The bill he received was significantly more than he could afford and he requested consideration for the one-time reduction.

Mr. Cylvick was comfortable granting the one-time reduction and suggested that Mr. Vanness contact Carol about setting up a payment plan to pay off the balance over a number of years.

Tom Lecheminant - PI-D-29

Tom Lecheminant stated that he was proposing to a fish pond at Bobcat Springs. He noted that Mr. Blonquist was concerned about vandalism and clean up and he agreed. One suggestion to address the clean up problem was to place a garbage can near the pond. Mr. Lecheminant remarked that Mr. Blonquist had mentioned that at one time the Water Company discussed the idea of making the pond larger. Mr. Lecheminant stated that he would love to see some type of fishing pond for the kids on the Ranch to enjoy. He noted that Mr. Blonquist also had concerns with parking and he understood that signage was an important element. Mr. Lecheminant recognized the concerns but he wanted authorization from the Ranch to move forward. He was looking for donations to fund the pond.

Mr. Cylvick asked for clarification on Mr. Lecheminant's plan and all it entailed. Mr. Lecheminant stated that because it would be a private pond, a permit was not required and there would be no inspections. The person stocking the pond would do the inspection. They would need a screener on the outlet and a screener on the inlet. Since there is no inlet, only one screener is required.

Mr. Cylvick was comfortable with the idea. If for some reason it does not work out or the area is always a mess, the use would be stopped. He felt they could speculate all types of potential problems, but they will never know unless they try. It would be enjoyable for

the property owners and he was willing to try. Mr. Blonquist agreed. He clarified that vandalism and containing the garbage were his major concerns because it is on Water Company property.

Hutch Foster noted that Mr. Lecheminant presented his idea for a pond at the last HOA Board meeting and he and Mr. Lecheminant had spoken about it before then. The HOA Board generally favored the idea. Parking was the primary issue and whether it would become another full-time parking lot. Mr. Foster stated that they should be diligent about signage. Parked vehicles without Pine Meadow stickers will be towed. Mr. Foster pointed out that the pond is not actually a Ranch lot. It is outside the Ranch. He had looked on the County website for a plat map.

Mr. Cylvick remarked that the pond could be enlarged but it cannot be removed. He personally preferred to see it used for something during the spring, summer and fall. Mr. Cylvick felt the Board should discuss whether their donation would be monetary. Mr. Cylvick suggested that Mr. Lecheminant keep the Water Board informed through email as to the next step for the pond. Mr. Lecheminant hoped to find someone with a track-hoe who would donate their time to clean up the pond and level out the area. Mr. Lecheminant stated that he would begin working on the signage and asking for donations from people on the Ranch. The Board thanked Mr. Lecheminant for making the effort to do something nice for the kids on the Ranch.

Matt Wolf - Lot PI-A-5

Matt Wolf stated that he had a leak and lost a lot of water last year. He fixed the leak himself and purchased a frost-free valve. However, he had lost the receipt to show proof that the valve was purchased. He requested that the Board consider granting him a one-time reduction. Mr. Wolf stated that he had spoken with Carol and she asked him to submit a proposal to the Board. He decided to make the request even though he could not find the receipt. Mr. Cylvick was not opposed to granting the one-time reduction. The Board concurred.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. The bill from All West was internet service for Water Company business that Brody does at home. The bill from APCO was to have the engineer tie in the two meters and put them on the computer. Catapultion was for the internet at Trevor's home for Water Company business. The bill from Coalville Auto and Farm Supply was to purchase two ratchets and sockets. The Ferguson Enterprises bill was for small parts needed on the job. The bill from Home Depot was for wrenches that were purchased. KGC Associates was the bill for Carol's services. Mountain States Water Works still showed a credit. The bill for \$1,281 was for parts needed for the winter. Rocky Mountain power was the typical monthly bill. Sinclair Fleet was for fuel. USA Bluebook was for a tripod and harness and for the eyewash station that was approved at the last meeting. The bill from Utah State Division of Finance was the inter-

est payment. The Utah State Tax Commission was for the trailer and Ranger registration. Verizon Wireless was the bill for the four phones.

MOTION: Brian Zelch moved to pay the unpaid bills in the amount of \$10,085.67. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Manager Report

Brody reported that on a problem with a PRV. He and Trevor took everything apart and they still could not get it to work. Brody plans to ask Matt from Delco Western to come up next week to see if he can fix the problem. Mr. Cylvick asked if it was under warranty since it is new. Brody replied that they do not come with warranties.

Brody stated that a new meter was installed at D-10. Work has been slow and nothing major was happening. They would begin reading meters next month.

Mr. Cylvick noted that the Water Company had purchased a tripod and harness for safety precautions when Brody or Trevor go down into the vault. If something happens or there is a problem, they can be pulled out of the vault.

Miscellaneous Business

Mr. Cylvick reported that the foreclosure process is underway. On Tuesday they can publish the information in the Park Record for two weeks. After 30 days they can begin foreclosing on water shares and removing water meters. If a water share is foreclosed, the property owner would have the ability to buy back the water share from the Water Company. The buy back amount would include the cost of the water share, late fees, finance charges and the cost for re-installing the meter. Mr. Cylvick noted that currently there are only two meters scheduled for foreclosure.

Mr. Cylvick remarked that Bill George had suggested at the last meeting that the well that acts alone on Aspen Ridge might be for sale. Mr. Cylvick had researched the matter and was waiting to hear from the real estate agent. He had spoken with Dave Pack and found that the information was vague. People think they have a water share but Axel actually owns the 28 acre site that surrounds the well site on Forest Meadow Road. It is unclear how much the well produces per minute, but Mr. Cylvick was interested in knowing the price to purchase the well in the event that it would produce enough to meet their needs.

Mr. Cylvick stated that the Tollgate well was tested and it is only producing 7 gallons per minute. Uncle Tom's is producing 32 gallons per minute. He noted that Brody and Trevor prepared a spread sheet and the total cost for everything combined was approximately \$500,000; assuming that they could purchase the well site for \$150,000. They would need to be prepared for a half million dollar investment.

Mr. Cylvick stated that cameras were placed on Salt Box well but it was never test pumped. They have asked Robert Armstrong to test pump that well. Currently, the water level is at 60 feet. The well goes 232 feet deep. The well log shows a 16 inch pipe taken down to 12 inches. However, several years ago when Dewey put down a camera, he said it was 8 inches. If it was a 16 inch going down to 12 inches, they could drill an 8" minus through the 12" and go down to where they expected closer to the ridge. If Dewey is correct and it goes down to 8 inches, that could be a problem. Brody noted that there was a question mark by the 8 inches on the log. In his opinion, it did not make sense for the pipe to go from 16 inches to 8 inches in 232 feet.

Mr. Cylvick explained that the purpose is to determine what they have down there. He believes it is an improvement and the \$30,000 could be added to the loan. He suggested testing the well and if it produces a decent amount of water, it would be worth developing. He suggested that the Water Company purchase the pump and the pipe so once it is in place, it belongs to the Water Company. If the test pump shows that the well can produce ten or twenty gallons per minute, the pump and pipe would be left in and the Water Company can wire it to their system.

Brian Zelch supported the well testing as proposed.

Mr. Cylvick stated that if Salt Box is not successful, the pump could be moved to Contact.

Mr. Cragun commented on the importance of having water. He thought it made sense to see where they can get as much water as possible and use the availability of the loan.

Mr. Cylvick stated that \$30,000 would include the pump, the pipe, a sizeable meter and hooking up to the telemetry system.

MOTION: Eric Cylvick made a motion to test pump the Salt Box well. Once they know how much water it produces, the Board would make a decision on whether or not to develop the wells at Salt Box and Contact if they find water. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

HOA Update

Mr. Foster stated that they have talked to Jody Robinson about internet service but he was not comfortable spending a lot of money for limited use. He asked if the Water Company would entertain the idea of sharing the Catapulsion charges with the HOA. The Board was not opposed to that idea.

Mr. Foster noted that Greg White had questions regarding tanks and he had suggested that Mr. White contact Brody or Eric Cylvick. Mr. Cylvick stated that he was contacted and he responded via email. He informed Mr. White that he had not been involved in the sale of the tanks, but he explained that the two 30,000 gallon water tanks were lo-

cated at the top of Valley Vista drive and were used for a long period of time as water storage tanks.

Mr. Foster announced that the HOA was planning a small educational barbeque on August 29th at the gravel pit. Those in charge intend that it be a fire awareness event and they are hoping that North Summit, Bryce, and Air Med would participate. He believed the event would begin at 2:00. Details will be posted on the website.

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

Minutes Approved

Date