

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JUNE 23, 2011

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Bill George, Cal Cragun, Hutch Foster - Board members

Ex Officio: Brody Blonquist, Trevor Townsend

Brian Zelch was excused.

President Eric Cylvick called the meeting to order at 6:30 p.m.

Minutes – May 12, 2011

MOTION: Cal Cragun made a motion to APPROVE the minutes of May 12, 2011 as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. Allwest Communications and Catapultion were for the internet. Chem-Tech showed a \$20 credit. Clyde, Snow and Session were legal fees. Brody assumed the majority of the legal expense was due to the new loan. Coalville Auto and Farm Supply was for filters and oil for all the equipment. Horrocks Engineering was the retainer from the loan. KGC Associates was the bill for Carol's services. Mountain State Water Works still showed a credit. Regence Blue Cross was for insurance.

Mr. Cragun noted that the Regence Blue Cross invoice was for life insurance. He had asked Carol to cancel that policy but they were still being charged. He would follow up with Carol on the matter.

Rocky Mountain Power was the monthly power bill. Select Health was health insurance, Sinclair Fleet was for fuel. The Division of Finance was the monthly loan payment. Verizon Wireless was for the cell phones.

MOTION: Eric Cylvick moved to pay the unpaid bills dated June 22, 2011. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. Cylvick noted that they were 55.5% under budget for total income. However, he had also budgeted for a loss and believed that number would change.

Mr. Cragun pointed out that \$3,000 was budgeted for sanitary facilities. Brody explained that they used to get porta-pottys before they had a bathroom. He assumed it was left as a line item in case they needed them again.

MOTION: Eric Cylvick made a motion to APPROVE the profit and loss/budget versus actual dated June 23, 2011. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Cal Cragun pointed out that \$100,000 should have been transferred from Brighton Bank to Zion's Bank for a higher interest rate. He would follow up with Carol to make sure the transfer was made. Mr. Cragun noted that higher interest rates could be obtained through Mountain America Credit Union, but he did not believe they were as financially strong as Brighton and Zion's. He felt secure with the two banks they deal with and he was hesitant to make a change. Mr. Cylvick agreed. Mr. Cragun had suggested that they move \$100,000 to Zion's Bank and leave \$54,000 with Brighton Bank. He noted that the Board had already approved the transfer but it was not reflected on the balance sheet.

Brody referred to page 2 of the balance sheet and asked if the Treasury stock were the foreclosed water shares. Mr. Cylvick answered yes. Brody noted that McCallister was not included and asked if that foreclosure had occurred. Mr. Cylvick pointed out that Mr. McCallister did not have a water share.

Mr. George asked about the status of the proposal McCallister presented six months

ago. Mr. Foster replied that it is still being discussed within the County as a SPA agreement. He clarified that SPA stands for Specially Planned Area outside of the normal zoning rules. Mr. Foster believed Mr. McCallister had forgotten that in order for the Water Company to provide water, he is required to annex into the Owners Association. Once he realizes that, it could change his development plans.

MOTION: Eric Cylvick made a motion to APPROVE the balance sheet dated June 22, 2011. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Brody reported on a 12" line break that was repaired on Arapahoe. It was a 12 x 10 reducer that was improperly installed during the project and had slipped off. A meter on Valley View had a broken valve and they replaced the meter setter. They have been searching for a leak on Pine Meadow Drive for over a week. Since they could not find it he and Trevor installed a valve where Navaho Road meets Pine Meadow Drive. That pressure was up, which means the leak is beyond that section. They intend to install another valve by I-Plat as soon as they can get it blue staked.

Mr. Cragun stated that Brody and Trevor continually wait for Blue Stakes to come up. He wanted to know if there was anything the Board could do as members or owners to expedite the Blue Stake process.

Brody noted that I-Plat would not have water until the leak is found. They have lost 120,000 to 140,000 gallons of water down the pipeline but there is no evidence, even as small as a wet spot in the road, to identify where the water is going. Brody stated that if the leak is out by Uncle Tom's and close to the building, they may need to hire a contractor to fix it because two three-phase power lines run in front of the building. If the power line is broken, the Water Company would be charged \$10,000 to 15,000 to replace it. He and Trevor were willing to take the chance and do the work, but the Water Company does not have insurance that would cover a broken power line. Brody was unsure of the cost to hire a contractor, but they might be able to negotiate a lower cost if the contractor could use the Water Company equipment. He assumed it would be a question of whether or not the contractor would be insured to run the equipment.

Brody reported that the rest of the water system was running great. They have been

slowly replacing PRVs as they work on the lines.

Miscellaneous Business

Brody reported on a call he received at his home from Dale Sargent who inquired about hooking back up to the water system. Mr. Cylvick recalled that Mr. Sargent had requested that the Water Company disconnect his water and take away his water share. Mr. Cragun suggested that Brody document phone calls or any communication with Mr. Sargent in case they encounter a problem in the future.

Mr. Cylvick stated that out of the three people they need to obtain an easement, he had only heard back from one owner in I-Plat, who supported their request. Mr. Cylvick would contact the other owners next week. Brody noted that Dave Dillman was having the corners surveyed next week so the survey would be completed if the Water Company is able to move forward.

Mr. Cylvick reported that he participated in a conference call with the Division of Drinking Water, Ted Barnes, the attorney, Dave Dillman, and Ken Wilde. The DDW was asking for an income statement and an explanation of how the Water Company intended to repay the loan. They asked if and/or when rates would be increased. Mr. Cylvick remarked that Ted Barnes asked the DDW to outline the terms of the loan. Once they have that information, they could better understand the annual payment and create an amortization schedule. In the course of the conversation, Ken Wilde stated that the Water Company could pay interest only until 13 months after the last project was completed. Mr. Cylvick estimated that they would not need to pay on the principle until November 2013. For 2-1/2 years they would pay interest only at 2.28%. The Board could decide to pay a higher monthly payment once they know the interest payment. An interest only payment would give the Water Company time to determine where they want to go and what they want to do in the future.

Mr. Cylvick reiterated his intent to contact the property owners next week to push for the easements. Brody thought Carol may have phone numbers for the owners. Mr. Cylvick requested that Brody follow up with Carol and email him the phone numbers and lot numbers. Mr. Cylvick pointed out that once he obtains verbal agreement, he could ask Dave Dillman or Ted Barnes to write up an easement agreement.

Call Cragun had compared the insurance proposals that were presented at the last meeting. In his opinion, Mr. Lee with Your Way Brokerage had done the most work and

appeared to be the most interested in providing the best service. Jamie Morgan with the Leavitt Group had a good understanding and stated that they should leave a portion of their insurance with Glatfelter. However, Dave Hale from Glatfelter was supposed to submit a quote, but neither he nor Carol had heard from him. Carol called Mr. Hale to remind him, but he did not seem too interested. Mr. Cragun recommended that the Board consider Mr. Lee based on his service and interest.

Brody was hesitant to go with Mr. Lee because he agreed with Mr. Morgan about staying with Glatfelter because the policy was already in place. He felt that Mr. Lee did not care if they offended Glatfelter. Mr. Cragun stated that he would provide the Board members with a copy of the proposal and his review. If they had questions they should contact him. Mr. Cragun noted that Colorado Casualty was Mr. Lee's proposal, Glatfelter was the company represented by Dave Hale, and The Leavitt Group was Jamie Morgan, who did not present a Liability quote. He remarked that the trucks are insured through Farmers and the Water Company could save a significant amount by covering the vehicles under one of the other umbrellas, regardless of which one they choose. He believed the cost under either group was fairly equal.

Mr. Cragun stated that the policies were coming up for renewal and the Board should make a decision at the next meeting. Brody recalled that the new building and the water tanks were currently not insured under Glatfelter, but they were included in Mr. Morgan's proposal. Mr. Cylvick felt that Mr. Morgan was very knowledgeable and very honest by suggesting that they continue their existing coverage with Glatfelter. Mr. Cragun was concerned about Glatfelter because they had not heard from Dave Hale.

Mr. Cylvick and Brody were more comfortable with Mr. Morgan and what he had proposed. Mr. Cragun would follow up with Jamie Morgan the next day.

Owner's Association Report

Mr. Foster noted that he was unable to attend the Owners Association Board meeting in May, and the Board would not meet again until Tuesday, June 28th.

Mr. Foster anticipated a quiet summer on the Ranch. He believed they would need to do a major culvert repair at the bottom of Tollgate, which would require half of the maintenance budget. Mr. George asked for the amount of the maintenance budget. Mr. Foster replied that taking out all the fixed costs, they have approximately \$80,000 per year to spend on projects.

Mr. Foster reported that there had been new activity in the SSD discussions and he would follow it closely and report back. The County would like to create a plan for Pine Meadow to deal with the roads.

Mr. Cragun wanted to know what happened to the bid from the person who wanted to improve the area at the bottom. Mr. Foster explained that the owner wanted to make improvements on land that does not belong to the Owners Association. Mr. George asked about the lower parking lot. Mr. Foster replied that it is County land within a UDOT easement. The owner tried to make the landscaping improvements through a County permit but it was bogged down in the system. Mr. Foster believed the intention ended with the slow process.

Mr. Foster reported that the Board was still working on the idea of moving the mailboxes up to the location of the sign storage shack. The postal service contractor for Pine Meadow favors that idea because she is terrified to deliver mail in the current location because of the road conditions. Mr. Foster noted that the mailboxes are Federal property and would require a government process to move them.

Mr. Foster remarked that the SSD has become more complicated than the proposal he had on the table last year. He is currently in the early stages of trying to sort it all out. The version proposed by the County is a much bigger leap than what he had anticipated. The County would like to put all of the roads within Tollgate Canyon, Pine Meadow Ranch, the lower roads, the Lewis Ranches Roads and Aspen Ridge Roads into a single maintenance pool, and create a board and a fund to manage all the roads. If that occurred, they would have money to fix the roads because the County could levy assessments on all owners within Tollgate Canyon.

Mr. Cylvick asked about the sump holes on Bobcat and other areas. Mr. Foster stated that Jody Robinson intends to work on the roads, but he needs to wait until they dry out. Mr. Cragun commented on the water coming out of the spring at the top road around Bobcat, asked if it was a live spring or a leak. Mr. Foster replied that it was a live spring.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:20 p.m.

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Monthly Board Meeting
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Minutes Approved

Date