

Approved  
January 16, 2014

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, DECEMBER 12, 2013

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Bill George

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

**Approval of Minutes**

MOTION: Cal Cragun made a motion to APPROVE the minutes of November 14, 2013 as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

**Unpaid Bills**

Eric Cylvick requested that the Board table their review of the unpaid bills until Brody was present to explain the charges and answer questions.

**Financials**

The Board reviewed the profit and loss/budget versus actual.

Mr. George referred to page 5, water system improvements, the Tollgate well. He noted that it showed \$28,000 and that the Water Company paid on it from January through December. Mr. Cylvick believed that the \$28,000 was the balance on the pump house. The project was delayed and carried over into January 2014. Mr. Cylvick assumed it was the amount that was held back until the project was completed. Mr. George stated that his question was only for clarification and he was satisfied that the amount was paid off.

Mr. Cylvick noted that he had budgeted \$567,000 for total water connection fees, and they were currently at \$635,000.

Mr. Cragun referred to the budgeted amount of \$2900 for Worker's Compensation on page 2, and he asked if that was the same amount they paid last year. He was approached by a private company that would like to bid on their Worker's Compensation. Mr. Cragun stated that he would contact the company to see how they would compare with the current rate.

Mr. Cylvick referred to page 2 and noted that they were off budget on the interest payment. He had overestimated the first loan by approximately \$26,000. On the second loan he underestimated by approximately \$43,000. Mr. Cylvick explained that the second loan was underestimated because they had not expected to have to pay on the full amount at that time. He pointed out that the difference was \$18,200 more than what they anticipated.

Mr. Cragun indicated a negative \$1350 under licensing permits; however, they had budgeted \$150. Mr. Cylvick stated that it was showing a minus 9% and he believed it was an error. He asked Carol to check Quickbooks to see what had happened.

Mr. Cylvick stated that they were off on the Escrow Fees by \$9,000. Mr. Cragun asked why they were showing a negative under Net Ordinary Income on a budget of a negative \$311,000 when they had spent \$423,000. Mr. Cylvick stated that they had not yet paid the \$45,000 in water shares. He noted that the gross profit on the balance sheet was showing \$632,712. In comparing gross profits to total expense, the total expense was \$423,752 and the \$45,000 for the water shares needed to be paid. Mr. Cylvick calculated that the expenses to date were \$546,752.76. Subtracting that amount from \$635,712 left a positive of approximately \$88,959.31. Mr. Cylvick stated that the number did not take into consideration the \$40,000 from the sale of the trackhoe because that was going towards the principle on the loan. Mr. Cylvick outlined additional expenses that would go on the loan. He thought the number Mr. Cragun had questioned was skewed. He suggested that they focus on the gross profit of \$635,712 and the total expense of \$546,752. The difference was approximately \$89,000, indicating that the expenses were less than the income.

Mr. George asked if the new water company would have this same basis to work with. Mr. Cylvick was unsure whether that would even occur for various reasons. He suggested that the Board finish the financials and then discuss other issues.

MOTION: Eric Cylvick moved to APPROVE the Profit and Loss/Budget vs. Actual dated December 12, 2013, with questions to Carol regarding some of the items. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet.

MOTION: Eric Cylvick moved to APPROVE the balance sheet dated December 12, 2013 as presented. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

### **Correspondence**

Mr. Cylvick commented on a note from Ms. Kellesberger regarding a well. He suggested that they talk to Brody about it first because he did not have enough details to comment. Mr. George recalled that Ms. Kellesberger has a well she would like to discontinue and keep her water hookup. Mr. Cylvick could not see why the water Company would want the well other than to have the water rights. However, it would not be designed for community water system standards. If it was a good well, he believed she would be trying to sell it to the Water Company. He reiterated that they should wait for Brody and Trevor to have this discussion.

Mr. Cylvick read a note from Carol stating that Katie Porter and Devon Max were asking for a one-time reduction. Mr. Cylvick noted that the paperwork did not indicate the source of the problem. He thought they should defer the discussion until they could ask Brody for the details. Mr. Cragun pointed out that the last page of the customer notes indicates that it was a leak.

Mr. Cylvick tabled all the letters and correspondence until they met with Brody.

### **Miscellaneous**

MOTION: Eric Cylvick made a motion to approve \$5,000 for Task 1 for the conceptual civil design drawings. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick stated that the final design would be developed from the conceptual design drawings and the Board could make a decision at that point. He would change the agreement to remove Task 2 and then sign it.

Regarding the easement, Mr. Cylvick had copied the Board on an email he had sent to Ted Barnes. Mr. Cylvick indicated a piece of property owned by the PMRHOA. It is a landlocked piece with a driveway. He also indicated two lots owned by another person and a partner. That person told him that if the Water Company wanted an easement his partner would also want a water hookup. Mr. Cylvick had made a gentleman's agreement with this individual, but he later called Mr. Cylvick suggesting that they separate the easement for the water line and the emergency exit. Mr. Cylvick told him

that they had a deal for an emergency exit, which the Water Company would gate, and the water line would be installed in that road. In his opinion, they were both the same and that was the basis of the agreement. Mr. Cylvick later determined that he did not need an agreement with that person because they could use the strip of land owned by the Owners Association. Mr. Cylvick stated that he started talking to Fred Bacon, another lot owner, and suggested 26' along his property line with a gate and possibly a nice wood fence. Mr. Cylvick indicated a shift in the section lines due to surveying errors, which created a 50' gap where they could come down and make the turn. It would be a relatively flat water line potential with an exit.

Mr. Cylvick had spoken with Mr. Barnes and he would write up an easement agreement for 26' along the eastern and southeastern property lines of SS-148-3 owned by Fred Bacon. Mr. Bacon is 90 years old and very cognitive. The land is in his children's trust and everyone has to agree; however, hooking up to the water system would benefit their property. Mr. Cylvick intended to have the agreement to Mr. Bacon before the holidays so he could discuss it with his family.

Mr. Cragun referred to an email Mr. Cylvick had sent with two bids for electrical work. Mr. Cylvick believed that Brody had sent the email. Mr. Cragun thought the low bidder, Chesley Electric, was the better company.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:15 p.m.

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Minutes Approved

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Date