

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, FEBRUARY 13, 2014

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Bill George, Kelly Cox, Tony Tyler, - Board members present.

Ex Officio: Brody Blonquist

Excused: Trevor Townsend

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

Approval of Minutes – January 16, 2014.

Brody referred to page 8 of the minutes, second paragraph, and corrected permanent traction enclosure to read permanent **trash** enclosure.

MOTION: Eric Cylvick moved to APPROVE the minutes of January 16, 2014 as corrected. Tony Tyler seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. Allwest Communication and Catapultion were for the internet. Clyde, Snow, Session and Swensen were legal fees.

Mr. Cylvick clarified that the legal fees related to the easement agreements with Fred Bacon. The Division of Drinking Water had also requested the land use agreement as part of the easement with Thomas Brodrick. The legal fees also included consultation phone calls regarding Mountain Regional.

Brody continued with the unpaid bills. Ferguson was a part needed for a drain valve at Bobcat Springs. Evergreen Engineering was the invoice for engineering the road and should be reimbursed from the DDW loan

Mr. Cragun explained that the bill was inaccurate and the Water Company should actually owe \$15,000 rather than \$1880. He explained the discrepancy and stated that the charges would be adjusted with the next invoice. Mr. Cylvick recommended that they not pay the bill until the adjustment was made.

KGC Associates was for Carol's services. Pine Meadow Mutual Water Company was the debt reserve. Revenue Recovery was for direct paid collections. Rocky Mountain Power was the monthly power bill. Select Health was the health insurance premium. Utah State Division of Finance was both loan payments. Verizon Wireless was for the cell phones.

MOTION: Eric Cylvick moved to APPROVE paying the unpaid bills dated February 13, 2014, as presented, excluding the bill from Evergreen Engineering, which would be paid next month as a final lump sum in the amount of \$15,000. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Brody presented a separate bill from Chesley Electric in the amount of \$11,626 for the generator. That amount was under the original quote of \$12,000

MOTION: Eric Cylvick moved APPROVE paying the bill from Chesley Electric in the amount of \$11,626 for the generator. The expense would be reimbursed from the DDW loan. Tony Tyler seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. Cylvick stated that the percentage of total water assessments collected was 68%. They had already collected \$445,000 of the \$673,000 that was budgeted.

Mr. Tyler asked if the numbers were skewed by the prior year assessments collected. In his reading of the financials, the 68% was the average of all of the income collected. Brody pointed out that both the metered and standby assessments were over 70%, which was high for this time of year.

MOTION: Eric Cylvick made a motion to APPROVE the profit and loss/budget versus actual dated January 1 through February 13, 2014. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cylvick noted that the large balance was due to the unused DDW loan money that was sitting in the bank account.

Mr. Tyler noted that the trackhoe should be removed from the fixed assets for 2014. Mr. Cylvick agreed and asked that Carol remove the trackhoe PC-200 for \$85,000 from the fixed assets, since the trackhoe was sold. Brody stated that the Water Company made money off the trackhoe when they sold it for \$40,000, considering how much money was saved by using the trackhoe. Mr. Cylvick thought they had saved at least a \$1 million by doing the work themselves.

Mr. Cylvick reported that the total loan amount owed was \$5,963,004.25, which also included the escrow amount.

MOTION: Tony Tyler moved to APPROVE the balance sheet. Kelly Cox seconded the motion.

VOTE: The motion passed unanimously.

Correspondence

Mr. Cylvick noted that Don Giles, Lot PI-B-15, was requesting a one-time reduction. He asked if Brody was aware of the leak that Mr. Giles reported. Brody answered yes.

MOTION: Eric Cylvick made a motion to grant Don Giles a one-time reduction on his water bill. Kelly Cox seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick asked for a volunteer to respond to correspondence from Janelle Vanderwerf, Lot PI-E-82. Brody suggested that Carol could write a letter informing her that if she would like to put together a different fee schedule the Board would be interested in hearing her idea. Brody thought that approach lets the owners know that the Board is willing to listen, even if the requested change is not made. Mr. Cragun recommended that the Board follow Brody's suggestion and have Carol send a letter.

Miscellaneous

Engineering for the Road

Mr. Cylvick stated that the final engineering version should be ready for Board review by Tuesday or Wednesday of the following week. Mr. Cylvick would email the PDF version to the Board members when he receives it. He and Mr. Tyler would go through the first draft and redline the changes for the engineer. The Board would then meet to review all the changes and prepare a bid package.

Mr. Cylvick was pleased with the valuation. It was the same company who does the independent audits for the Division of Drinking Water so they were already familiar with the Water Company. They work with 25 or 30 private and public water companies.

Mr. Cylvick stated that the market value of the Water Company was not applicable. The valuation is based on income and asset value. The company valued all of their private property and projected the cash flow, but the valuation needed to be tweaked on some issues. Mr. Cylvick stated that the cash flow did not project a rate increase. He had suggested a 2% cost increase per year and a 3% increase in income, for a net increase of 5% each year. The result would be a net 1% gain of income.

Emergency exit and Water Line

Mr. Cylvick stated that Fred Bacon, SS-148-3, did not like the easement agreement that Mr. Cylvick had prepared; and he provided his own solution. Mr. Bacon did not want a 30-foot wide emergency access coming down the edge of his property, and instead wanted to know if they could use his driveway. Mr. Cylvick remarked that the driveway goes all the way to the top corner of the property. Mr. Cylvick pointed out that using the driveway would result in a significant cost savings and a better solution. He stated that Ted Barnes was in the process of drafting a new agreement. Mr. Cylvick noted that Mr. Bacon does not want a gate at the end of his driveway but he would like one at the edge of his property.

Mr. Cylvick reported that one issue with the solution is that the driveway comes out 50 feet on to another person's property at the point where his driveway ends and crosses the other property on to North Church Street. Therefore, they technically would not be covered in that 50-foot area.

Mr. Cylvick stated that for \$1700 per month the Water Company would get an emergency access and have the potential for a water line.

Mountain Regional Update

Mr. Cylvick reported on a meeting he had with Mountain Regional, where he told them that Pine Meadow Mutual Water would like to remain an operating entity in some way, and that

the Water Company was not interested in dissolving the only functioning entity that could quickly assess the situation in the event of an emergency. He noted that Mountain Regional was not opposed to the idea. Mr. Cylvick stated that he sold the idea by pointing out that if Pine Meadow Water collected the revenue they could continue to charge annexation fees. Ted Barnes was looking at ways to structure an arrangement with Mountain Regional.

Owners Association Update

Mr. Tyler reported that he had announced the plan for the lower road at the last HOA Board meeting and he believed it was received favorably. Everyone liked the idea of making the one section a one-way as long as the grades work. The HOA Board was excited that someone had stepped up to do it.

Mr. Tyler stated that once they reach the point of bidding it out, he would need to know the scope because the HOA has budgeted money to chip seal the good section of pavement this year. However, if a portion of the road would be torn up or expanded, he would need that information. Mr. Cylvick replied that he would not have that information until the bids come back.

Mr. Cylvick asked about the mailboxes. Mr. Tyler noted that the Board discussed the mailboxes, but the Owners Association has had major equipment repair issues and they ended up spending \$40,000 that they had not anticipated. There is a big push from the Board members to put that money back into the reserve operating account, which would reduce the \$70,000 surplus funds they intended to use for the road down to \$30,000. Mr. Cylvick suggested that they could pour the slab and put up the mailboxes, and construct the building later. Mr. Tyler stated that if necessary he would be willing to mount a donation drive for the building around the mailboxes. He thought they should move forward with building the garbage enclosure.

Manager's Report

Brody reported that Mike Bowen had freezing problems again. He and Trevor would try to build up the road in front of his house to see if that makes a difference.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:30 p.m.

Pine Meadow Mutual Water Company
Monthly Board Meeting
February 13, 2014
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Minutes Approved

Date