

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY MARCH 13, 2014

SUMMIT COUNTY, UTAH

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

Ex Officio: Trevor Townsend

Excused: Kelly Cox

Eric Cylvick called the meeting to order at 6:40 p.m.

Approval of Minutes

February 13, 2014

Eric Cylvick noted that Cal Cragun had referred to the section Emergency Exit and Water Line and amended the minutes to reflect that Fred Bacon wants the Water Company to use his pre-existing driveway as the majority portion of the emergency exit.

MOTION: Eric Cylvick made a motion to APPROVE the minutes of February 13, 2014 as amended. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Trevor Townsend reviewed the unpaid bills. Catapulsion was for the internet. Clyde, Snow and Sessions were legal fees. Delco Western was the remaining amount to put the chlorinator in the new system. Evergreen Engineering was for the source protection road project. KGC Associates was for Carol's services. Mountain States were parts to fix a leak under the Contact pump house. Pine Meadow Mutual Water Company was the escrow debt reserve fund for the loan. Rocky Mountain Power was the monthly power bill. There were also bills for insurance and propane.

Mr. Cylvick stated that they should pay the unpaid bills excluding the Evergreen Engineering bill for \$1,880 since it was part of an estimate and not an actual invoice. The Water Company paid \$20,000 to Evergreen for surveying and \$5,000 for the initial study. The balance to Evergreen Engineering was \$15,000 and they should have the drawing 99% complete tomorrow. Mr. Cylvick stated that they would not pay Invoice

1326-C until they pay the full and final invoice of \$15,000 for the engineering package.

Trevor presented a bill from Most Valuable Plumbing and Heating for plumbing the propane line for the generator and dryer in the amount of \$2,500. Mr. Cylvick noted that the charges should be reimbursed from the loan.

MOTION: Eric Cylvick made a motion to APPROVE payment to Most Valuable Plumbing and Heating in the amount of \$2,500. Bill George seconded the motion.

VOTE: The motion passed unanimously.

MOTION: Eric Cylvick made a motion to pay the unpaid bills dated March 13, 2014. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. Cylvick noted that 81% had been collected so far. Mr. George asked if the methods of payment had contributed to their success. Mr. Cragun thought the ability to use credits has contributed, as well as sending letters.

MOTION: Eric Cylvick moved to APPROVE the Profit and Loss/Budget vs. Actual dated March 13, 2014. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cragun noted that the trackhoe was still showing on the March 13, 2014 balance sheet. He expected it to drop off the financials in June. Mr. Cylvick stated that the balance sheet was showing a book value of assets of \$6,581,925.17. He remarked that other asset evaluations were also completed with the CPA valuation and they forecasted the present day cash flow 20 years out.

MOTION: Eric Cylvick moved to APPROVE the balance sheet dated March 13, 2014 as presented. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Evergreen Engineering Update

Mr. Cylvick reported that he had been working on the plans with Evergreen. They originally talked about eliminating the bar ditch on the uphill side and add culverts to keep the water from building up on that side. However, the engineer was concerned that it would actually divert water into the creek and create other problems. For that reason, eliminating the bar ditch was left out of the plan.

Mr. Cylvick stated that he and Mr. Tyler met with the County Engineer and they asked him about the culverts. He explained that the water was washing out the road and all the material and debris was going into the creek anyway. Mr. Cylvick asked Evergreen Engineering to put the culverts back in the drawings. He estimated the cost of the culverts to be approximately \$4,000 to 5,000.

Mr. Cylvick remarked that he was cautioned on what could happen if there was a fire on the Mountain followed by a major rain storm. He told them that if the hillside burns down and they have a flood year, it would be a \$20 million landside and they would have bigger problems than water running down the side of the road. Mr. Cylvick explained that the intent was to create a safer environment for those who live on the Ranch using the money they have. He was looking for help and he did not need people getting in the way. He was not interested in adding another \$30,000 for hydrogeology studies.

Mr. George asked if the plans call for making changes at Boyce's corner. Mr. Cylvick answered no. He stated that it would only improve the steep section of the road and up Forest Meadows to the first sweeping turn. He noted that the bottom section where people come from Forest Meadows and Pine Meadows needs to be treated as one intersection. One cannot be done without the other. He remarked that the water system is sometimes accessed that way so it was justifiable.

Mr. Cylvick stated that even though he had received an email from Gary with the Division of Drinking Water saying the loan money could be used, he needed an official sign off. Mr. Cylvick had sent the engineering contracts to the Board members for their review. The contracts are signed and the DDW will review them. It was \$20,000 for the survey, \$5,000 for the initial study, \$15,000 for the final set of drawings, \$6,000 for construction oversight, \$6,600 for geo-technical drilling and \$10,000 for the geo-techs to come up and make sure they were building the rock walls correctly. The total was approximately \$63,990. Mr. Cylvick expected to have an official sign off in a week. Once it is signed off the Water Company can be reimbursed for the expenses.

Mr. Cragun stated that Carol had just received an email on some type of sign off and he asked if that could be the one Mr. Cylvick was waiting for. Mr. Cylvick replied that it possibly could be.

Mr. Cylvick had done a cost analysis for the roadwork. If they hire Extreme Excavating or Geary Construction to do the whole project, it would be close to the \$800,000 they have let on the loan. However, there would be no contingency or any extra money. Mr. Cylvick stated that he and Tony Tyler talked about having Jody Robinson do a portion of the work. Jody had done the pavement/asphalt finish work for Geary Construction and it is his specialty. He remarked that they were leaning towards the same process as the water system. They would hire a contractor to do the engineered rock walls and some of the peeling back of the hillside to widen the road. He noted that the average height of the rock wall is 5 feet. The general consensus from the geo-technical engineers is to use the blonde sandstone rock from Brown's Canyon to build the walls. The material is more expensive but the labor would be considerably less expensive.

Mr. Cylvick remarked that Tony Tyler and Jody would review his spread sheet and take out any work they would be able to do. Mr. Cylvick believed they could do the asphalt, the road base and the widening for 30-50% of the cost. Trevor and Brody could assist Jody and Tony when they can. The HOA intended to have Cody work with Jody. Mr. Cylvick stated that with the equipment and the manpower they have, they should be able to save \$300,000.

Mountain Regional Update

Mr. Cylvick noted that the President and General Manager of Mountain Regional was out of town. They would set a time to meet when he returns to discuss the water company valuations and other matters. Mr. Cylvick had prepared a financial analysis. His approach would be to keep Pine Meadows as the operating entity and they would continue to own their assets and pay their debt. The Water Company would continue to assess the shareholders and give a certain amount to Mountain Regional to operate portions of the water system. Mr. Cylvick was trying to accomplish what they wanted without increasing the rates.

Emergency Easement Update

Mr. Cylvick commented on the emergency easement with Fred Bacon. He had made changes to the fourth version of the easement. The first was to change the name of the family trust to the Fred Bacon Revocable Trust. Mr. Bacon had requested a change to

“utility easement” on the water line rather than just “easement”. Mr. Cylvick made the changes and sent the agreement to Mr. Bacon. His son is on the Board of the Stagecoach Estates and he would give it to that Board for review. Mr. Cylvick remarked that it is a benefit for Stagecoach because they could use the same access in the event of a fire or other emergency. The emergency easement is a major advantage for both Stagecoach and Pine Meadow.

Mr. Cragun suggested that once it is all finalized a meeting should be scheduled for everyone on a certain date. They could be shown the access and told that it should never be used unless there is an emergency.

Mr. Cylvick remarked that one minor problem is that the Quit Claim Deed is not in the name of the trust. He contacted Mr. Bacon to inform him that the trust name needed to be changed, filed and recorded with Summit County.

Mr. Cylvick stated that he may have to ask Summit County for either a conditional use permit or a grading permit for the roadwork. However, the Water Company has never had to request any type of permit in the past. He would have the County review the plans and explain why it was being done and why it was designed a particular way, and hopefully Summit County would sign off on it.

Mr. Cylvick had asked Summit County to contribute \$57,000 towards culverts, rock wall and guardrail work because it was on County property. He only asked the County to contribute regarding the safety issues.

Manager’s Report

Trevor reported that a main line had frozen on Forest Meadow near Catarina’s. He and Brody talked about building a bypass around the PRV vault and leaving it turned off all year. When the line freezes up above Catarina’s they can bypass the PRV and feed back up to the ice dam location. Trevor estimated that it would cost approximately \$2,000 in parts to build the bypass this summer. Everything else was going well. Mike Bowen still had a trickle of water. It freezes right at the main and Trevor suggested that the only solution may be to dig up and insulate where the brass fitting is located.

The Board adjourned the meeting to review the plans from Evergreen Engineering.

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

Minutes Approved

Date