

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY DECEMBER 11, 2014

SUMMIT COUNTY, UTAH

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

Ex Officio: Brody Blonquist

Excused: Trevor Townsend, Tony Tyler

Guests: Katie Christiansen and Jason Konisberg, Lot B-16; The Zimmerman's, Lot FM-D-154

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 October 9, 2014 as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

MOTION: Eric Cylvick made a motion to APPROVE the minutes of November 6, 2014 as written. Kelly Cox seconded the motion.

VOTE: The motion passed unanimously.

Public Forum

Jason had written a letter to the Board. Mr. Cylvick understood that the frost free started leaking. Jason stated that they spoke with Carol and she informed them of the appeal process and the potential to get their overage reduced. He noted that they were frustrated with the whole process. They use 1400 gallons per month and they have done everything possible to maintain their system, including emailing the Water Company several times per month regarding their monthly meter readings, with little response. Jason remarked that they recently moved in and they were trying to keep track of everything to make sure there are no issues or to catch them quickly, and they make every effort to conserve water. Katie emails Carol around the 10th of each month

to get their monthly reading but she does not always respond promptly.

Mr. Cylvick informed Jason that the Water Company does not obtain monthly readings. They only take readings in September unless they identify a leak. He explained that an intermittent leak, such as a toilet, triggers a 24 hour alarm. If a leak is detected the Water Company tries to contact the owner. However, if it is not leaking within that 24 hour period it does not register as a leak. Mr. Cylvick clarified that the only way a monthly reading is done would be for the owner to look at the meter. Brody stated that the meters are read more often but not every month. When he and Trevor have the time they go out and read the meters.

Katie Christensen stated that Carol had suggested that they email her around the 10th of the month at which time she should probably have the readings from the prior month. Jason acknowledged that they misunderstood the process because they believed the meters were read every month. He noted that their usage went from 1500 gallons per month to 6,000 gallons in August. He believed that should have set off some alarms. They were never notified of a leak. They still did not get a reading in August or September and that was when 40,000 gallons of water was wasted. They were upset about their bill but they were also upset about the environmental aspect of wasting so much water.

Brody stated that the difficulty for he and Trevor is that there is 28 miles of pipeline and 450 meter connections and they cannot personally keep track of every lot owner. If Katie and Jason had a water leak that was keeping them from filling the tanks, they would have been contacted immediately and their water would have been shut off. If the water leak is intermittent and leaks less than one gallon per minute, it is not enough to affect the system. Brody stated that he does not physically compare the meter readings each month to know whether one reading was significantly higher than a previous reading.

Jason thought Brody could set up a formula that would alert him when a reading was significantly higher than usual. At that point Brody could text the owner to let them know. He believed the technology was available to set up. Brody agreed that the technology was available, but it would also be expensive for the Water Company.

Mr. Cylvick stated that the Water Company concerns itself with storing water and pumping water. They generally do not get involved unless the leak is large enough to affect the system and other property owners. Brody showed Jason and Katie an

example of a meter reading and explained when specific readings draw their attention.

Jason believed there was a problem with the line because the meter was running for 24 hours. Brody reiterated that it was not a large enough leak to affect the history trends. It has to run consistently for 24 hours or longer.

Jason understood that the Board was concerned about the overall water, but he thought the leak could have been caught in August and they should have been notified. Even if their water bill is reduced, the remaining balance is still financially damaging to them personally. They cannot afford an \$800+ water bill, which is why they have done everything possible to conserve water.

Mr. Cylvick stated that the Water Company has never monitored water on individual lots. The lot owner is responsible to check their meters and their frost freeze and to monitor their toilets or anything else that could cause a leak. Brody showed Jason how to check his meter.

Mr. Cylvick remarked that over the past eight years the Water Company has put in \$7.5 million in infrastructure and this Board created year-around water. They have improved the system for the property owners but they do not have the manpower or the ability to monitor individual lots.

Jason stated that if the Board would forgive their bill this time he would read their meter every month and make sure another leak would not occur. They could not afford to pay anything more than the 1400 gallons of water per month that they actually use. Mr. Cylvick clarified that the Board does not make the decision on the amount paid. The Bylaws allow a one-time reduction and they can only do what is allowed by the Bylaws. Per the Bylaws, a one-time reduction can only be given if the owner can prove that the leak has been repaired. Jason had read the Bylaws and he believed it was set up as a format for what could happen in a specific situation. Another Article of the Bylaws states that the Board has the power to acquit debts, and he thought that Article covered their situation.

Mr. Cylvick sympathized with Jason and Katie's situation, but the Board has a policy that is applied fairly to everyone. He pointed out that even the Board members who have had leaks were held to the same policy. Jason argued that there was no reason for this to happen because he and Katie had kept in contact with Carol requesting their meter readings. They were not negligent and took proper steps to maintain their system and conserve water. Mr. Cylvick reiterated that leaks occur all the time and the Board

can do nothing more than grant the one-time reduction for the property owner.

Jason was frustrated that their emails were rarely answered. He understood that the Board did not want to set a precedent, but he believed they had the power to waive their overage, particularly since they were pro-active and made every effort with no response from the Water Company. Mr. Cylvick explained that as written, the Bylaws state that every lot owner is responsible for the water on their side of the meter. The best they could do would be to grant a one-time reduction of approximately 50% of the cost of the water usage that ran through their meter. Jason pointed out that the total bill was \$3000. With the reduction they would still have to pay approximately an additional \$600 over their normal water bill.

Cal Cragun asked if Jason and Katie had contacted their insurance company to see whether they had any type of coverage. Mr. Cox stated that when he had a leak he had a lot of water damage. His insurance covered the damages as well as the overage. Jason stated that he would contact his insurance company. Katie gave the Board a letter they had written explaining what had occurred and the timeline.

Jason questioned whether the Board was concerned about financial hardships to the owners. Mr. Cylvick commented on the hardships they all endured over the years. He noted that the Water Company has five volunteer Board members and two paid employees. Carol is a private contract person who has her own office in Salt Lake. She manages five other companies and she is basically a part-time bookkeeper for the Water Company. Mr. Cylvick recognized that some things could be structured differently, but the Board has done things that they believe provided the most benefit, such as installing the Smart meters to monitor the larger leaks, upgrading the system, and providing fire flow. They try to follow the standard protocol of other water companies like Oakley and Mountain Regional.

Jason stated that they found the leak because they were walking on Navaho Drive and saw some water and followed it back to their meter. They called Brody immediately and after looking at it Brody determined that it was on their side of the meter. Jason noted that he started digging until he found the leak. Mr. Cylvick asked about their total usage. Jason thought it was approximately 70,000 gallons. Mr. Cragun asked if the leak had been repaired. Jason answered yes, that he had repaired it himself. Mr. Cragun asked if Jason had a bill for the repair. Jason had a receipt for a \$3.00 cap from Home Depot. Brody clarified that he heard it leaking and he could verify that there was a leak. Mr. Cragun pointed out that the Bylaws require written proof of the repair. Brody

stated that it could also be verified by the Water Manager. Jason remarked that he had fixed the leak late in October and their water usage for November was back to 1400 gallons.

Mr. Cylvick was willing to put it to the Board for a vote. He personally would vote for the one-time reduction specified in the Bylaws. Mr. Cragun preferred to table the vote until he had the opportunity to re-read the Bylaws. If Jason is right and the Board has the option to acquit debt, he thought the vote could be different. Mr. Cox suggested that Jason and Katie check with their insurance company before the Board votes. Mr. George agreed with Mr. Cox and Mr. Cragun. He was not prepared to give an opinion until he could read the Bylaws as well. Brody suggested that the Board table the vote with no further interest or penalty until the Board has time to review the Bylaws and Jason and Katie check with their homeowners insurance. The Board concurred. Mr. Cylvick told Jason to pay the base fee at this point until the Board could discuss it further at the next meeting. Brody told Jason and Katie to contact Carol and let her know that they would be at the next Board meeting. Mr. Cox suggested that Brody provide something in writing that Jason and Katie could give to their insurance company stating that he had witnessed the leak and that it was repaired.

Mr. Cylvick stated that if the insurance company pays for the overage, he would not recommend that Jason and Katie use their one-time reduction in case they encounter an unforeseen leak in the future. Jason suggested that the Board find a way to inform the owners about reading their own meter. Brody stated that he would post something on the website. Katie offered to help with communication between the Board and the owners. Brody clarified that the Water Company tries to keep the rates low. If they were to send out monthly billings the cost would be passed on to the owners because it would require a full-time person.

Jason and Katie thanked the Board for their time and left the meeting.

Mr. Zimmerman, Lot FM-D-154, referred to Jason and Katie's comments about the non-responsiveness of either Carol or the Board. He did not believe the Board had acknowledged their concern that no one had responded to their emails or letter. Mr. Cylvick stated that the owners who have questions should attend the monthly Board meetings. Mr. Zimmerman asked if that was the only way the Board communicates with the owners. He found that to be unacceptable. If he sends an email he expects an answer. Mr. Cylvick noted that the Water Company has a website. If they need a personal response to something they can take the time to attend a Board meeting or

attend the annual meeting.

Mr. Zimmerman stated that he has been trying to communicate for a year and had not received an answer to his questions or any of his letters. Mr. Cylvick asked why Mr. Zimmerman had not attended a meeting. Mr. Zimmerman remarked that his one question was who he would serve a summons to. Mr. Cylvick stated that he was the President. Mr. Zimmerman assumed that he was the one who should be served. Mr. Cylvick agreed.

Mr. Zimmerman stated that he had waited until he could get an answer from the Board to vote. He clarified that none of the Board members would have gotten his vote. Mr. Cylvick asked Mr. Zimmerman to get to the point of why he was there this evening. Mr. Zimmerman stated that his point was to get an answer to the one question of who should be served the summons. His second question was where the summons could be served. Mr. Cragun stated that Mr. Zimmerman could get that information off the website. Mr. Cragun and Mr. Zimmerman exchanged words. Mr. Cragun suggested that Mr. Zimmerman move away if he was that unhappy. Mr. Zimmerman stated that he did not like being treated like "crap" by people on this Board. Ms. Zimmerman remarked that Jason and Katie talked about how they did everything right, but they rarely would get a response from the Water Company. Mr. Cragun informed Mr. Zimmerman that they were talking about him and not Jason and Katie.

Mr. Cylvick asked Mr. Zimmerman to leave. The Zimmerman's left the meeting.

Mr. Cylvick stated that he would talk to Carol about how she communicated with the Zimmerman's and with Jason and Katie to get her side of the story. He remarked that if someone wants to attend a Board meeting to discuss a matter, the Board is willing to listen. The meeting dates are posted online and people are welcome any time. This is a volunteer Board and they do not have the time to answer emails. Mr. Cox questioned why Mr. Zimmerman stated that it had been going on for a year because he knows the Board meets every month. Mr. Cylvick pointed out that Mr. Zimmerman had not attended the annual meeting either.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. Cylvick noted that they had collected \$25,000 more than what was budgeted.

MOTION: Eric Cylvick moved to APPROVE the profit and loss/budget versus actual dated December 11, 2014. Kelly Cox seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet.

MOTION: Eric Cylvick moved to APPROVE the balance sheet date December 11, 2014 as presented. Kelly Cox seconded the motion.

VOTE: The motion passed unanimously.

Mr. George wanted to know what happens to the lots when they foreclose the water share. He asked if the lots are placed for sale without water. Mr. Cylvick replied that the Water Company only forecloses on the water share. They do not have anything to do with the lot itself. The owner can sell the property as a dry lot. Mr. Cylvick explained that the lot loses one share in the Pine Meadow Mutual Water Company. It does not lose the actual water share with Weber Basin. Mr. George asked if all the water shares are owned by the Water Company. Mr. Cylvick answered yes.

Unpaid Bills

Brody reviewed the unpaid bills. Allwest Communications and Catapultion were for the internet. Cleary Building Corporation was the remainder of the balance after the down payment on the shop. KGC Associates was for Carol's services, Pine Meadow Mutual Water Company was the escrow debt reserve fund for the loan, Revenue Recovery was the collection fee, Rocky Mountain Power was the monthly power bill, Rural Water Association of Utah were dues, Select Health was the health insurance premium, Utah State Division of Finance was for the two loans, Utah State Tax Commission was to renew the registration on the Ford and the two trailers, Verizon Wireless was for cell phones, Weber Basin was for the water shares in the amount of \$45,804.

Mr. Cylvick clarified that they were not paying Clearly Building Corp. Brody believed that Carol had paid for the delivery. He was unsure whether the bill was for the delivery or the remainder of the balance owed. He assumed it was the remaining balance, which would not be paid until the building is built.

MOTION: Kelly Cox made a motion to pay the unpaid bills, excluding the bill from

Clearly Building Corp. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cragun reported that Select Health was raising their rate. The deductible should remain the same. He thought the current bill reflected the new rate.

The Board discussed the complaints about being non-responsive. Mr. Cylvick suggested that if someone emails Carol she should have an auto reply that asks the person to attend the next meeting to discuss their issue with the Board, and explain how to find the meeting dates on the website. The Board would get a hard copy of the complaint when they get their packets. Mr. Cylvick believed that the majority of the owners do not understand how the Board is structured and many believe the Board members and Carol are not doing their job. Some have expectations that will never be met.

Mr. Cylvick noted that the Water Company had \$125,000 in net income, which does not take into consideration the \$44,000. He believed they would be able to put some money into the contingency funds. Brody expected that a few more owners would pay before the end of the year. Mr. Cylvick thought they should be able to put between \$25,000 to \$50,000 into a capital reserve fund. He suggested a goal of trying to put \$75,000 into savings. The Board had approved an \$800 bonus for Jody and a \$500 cash bonus for Carol. He asked Mr. Cragun to write Carol a check and give her a card. He should ask Carol to send a check to Jody.

Brody clarified that when he was speaking with Jason and Katie he did not mean to imply that Carol only does part-time work for the Water Company. He was trying to make the point that Carol has other clients to take care of and she could not give affordable full-time attention to the Water Company.

Manager's Report

Brody reported that the water system was running well. A few minor leaks in the PRVs have been repaired. The tanks are full and everything is operational. He and Trevor were monitoring the water system to make sure it keeps running

Brody reported on problems they encountered with the new building. Clearly Building tried to auger the holes out and they burned out their auger twice and they blew up one

bobcat. They ended up digging the trenches. The Summit County Inspector initially told them to move forward with the columns; however, he changed his mind but he would not be up to re-inspect it until Monday. Brody anticipated completing the building before a major snowfall.

Brody and Trevor were getting everything ready for winter. He assumed they would have some breaks and they would deal with those when they occur. Brody clarified that unless a leak hurts the water system he will not inform the owners. No other water system performs that courtesy and they should not do it either. Mr. Cylvick asked Brody to post that fact on the website. Brody stated that he was not opposed to answering emails because they are usually simple questions. His water manager email address is on the website. If he is unable to answer a question he responds by asking the person to attend the next Board meeting and he includes the date and time. Mr. Cylvick intended to remove the Board from the website so the only contact would be Carol with an auto reply. People need to understand that they will not get a response unless they personally attend a meeting or send a certified letter. Brody thought the auto reply should also suggest that the owner check the website the day before a scheduled meeting because the date is subject to change.

Mr. Cylvick stated that he and Brody would work together to come up with verbiage to put on the website letting people know that the lot owner is responsible for monitoring their meter and finding leaks. An owner would only be notified if a leak is major enough to affect the entire system. Mr. Cylvick suggested the possibility of mailing notices with that policy to all the lot owners so everyone has the information.

Mr. George stated that whenever he tries to contact Carol she replies very quickly. Mr. Cylvick remarked that when he calls Carol to ask about specific customers, she can tell him exactly when she returned a call to the customer and what was discussed or what action was taken.

Mr. Cragun noted that his notary license needed to be renewed.

MOTION: Eric Cylvick made a motion pay \$128 to National Notary Association to renew Cal Cragun's notary. Kelly Cox seconded the motion.

VOTE: The motion passed. Cal Cragun abstained from the vote.

Mr. Cragun noted that the life insurance premium for Brody had increased significantly

Pine Meadow Mutual Water Company
Monthly Board Meeting
December 11, 2014
Page 10

to \$727 per year from \$147 per year. It is not due until March.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:45 p.m.

Minutes Approved

Date