

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JANUARY 8, 2015

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Craig Gilliam - Board members present.

Ex Officio: Trevor Townsend, Brody Blonquist

Bill George and Tony Tyler were excused.

Guests: Katie Christiansen, Jason Konisberg, Lot B-16.

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

**Minutes**

Mr. Cragun corrected the minutes to reflect that it was Kelly Cox and not Cal Cragun who suggested that Katie and Jason contact their homeowners insurance company to see if their policy would cover the loss.

MOTION: Cal Cragun moved to APPROVE the minutes of December 11, 2014 as corrected. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

**Public Forum**

Mr. Cylvick stated that Katie Christiansen and Jason Konisberg came before the Board last month regarding a water leak that resulted in a larger than normal water bill. After extensive discussion the matter was tabled to give everyone the opportunity to read through the Bylaws and for Katie and Jason to contact their insurance company.

Mr. Cragun stated that he had researched the Bylaws and it does not give the Board the right to forgive any debt. He believed that doing so for Katie and Jason would set a precedent and create future problems for the Board.

Jason thanked the Board for the time they had spent discussing their situation at the last meeting. He wanted them to know that they appreciate everything the Board does and what they have because of it.

Jason stated that he and Katie had also read the Bylaws and he believed that Section 5.4 gives the Treasurer the power to acquit debts. He read, "To receive or cause to receive and to give or cause to be given receipts and acquittances for monies paid and for the account of the Company." Mr. Cragun interpreted that to mean the debt of running the business and not the debt of the people receiving water.

Jason read from the Rules and Regulations, Section 3.3.4.2, "The intent for the Board is to allow for a possible reduction of water bills related to an unintentional leak where the shareholder has taken all reasonable precautions to avoid leaks. The Board realizes that leaks can occur and does not have the desire to create an excessive financial burden for shareholders. It does want shareholders to take responsibility for the condition and operation of the water system on the shareholder's side of the meter. Also, future reductions may be possible". Jason believed that language allowed reductions, and that the following sections lay out the basic framework. Within that framework, several pieces of language states that the Board can make reasonable amendments. Mr. Cragun pointed out that the language Jason read relates to the formula they use for the one-time reduction.

Mr. Cylvick stated that what happened to Jason and Katie has happened many times over the years and it will continue to occur to different people with various types of leaks. The Board developed the 50% one-time reduction to address those circumstances and he did not believe this situation was any different than the other scenarios. Property owners are responsible to find leaks on their side of the meter because the Water Company is not structured to take on that responsibility. Mr. Cylvick clarified that Jason and Katie's situation is not unique and for that reason the Board could do nothing more than grant the one-time reduction.

Katie understood that position after it was explained at the last meeting. However, they were also told that they could obtain their monthly meter reading if they emailed the office. She had emailed several times beginning in September without a response. It was not until they discovered water in the road that they became aware of the leak. She felt that they had made an effort and if someone had responded to their request the leak could have been found sooner and the bill would have been a lot less. For that

reason she and Jason believed their situation was different. Mr. Cylvick stated that he would talk to Carol about the emails, but in his opinion it did not change the fact that as owners they are responsible for the water that runs through their meter.

Jason suggested that they pay for the water up until the date when they did not receive a response to their email. Brody pointed out that in the past meters were only read once a year. He believed that some of the information he gave to Jason and Katie actually helped in a small way to find the leak. Using his own situation as an example, Brody stated that he lives in Oakley and Oakley takes the last meter reading in October. He had a leak two days after the meter was read and he went from October to May without knowing he had a leak. He was still responsible for paying the bill.

Jason stated that Pine Meadow is a small community and as shareholders they all have a piece of the company. There are 400 houses and Brody had stated that it takes one and half hours to read all the meters. Jason thought that Pine Meadow was different from other communities and he and Katie were willing to volunteer their where needed.

Mr. Gilliam asked Jason what prompted them to send an email requesting their usage. Katie stated that when they moved up there she was curious about how the process worked and how much water they were using. When she contacted Carol she was told that they could email her after the 10<sup>th</sup> of the month and she would send them their usage.

Mr. Cylvick reiterated that he would speak with Carol and go through her log to see what activity had transpired. However, regardless of that outcome, it would not change the fact that it was a leak on the owner's side of the meter. Mr. Cylvick stated that a higher standard for contacting people would require a different business structure than what they have the ability to do now. Changing the business structure would require a two-thirds majority vote of the shareholders and more money for an additional employee to make the phone calls and keep the contact information updated.

Mr. Cylvick stated that he was prepared to offer Jason and Katie and one-time reduction but that was the best he could do. Jason cited examples from previous meeting minutes where the owners were told to contact Carol. He cited other examples in the minutes where the Bylaws were not always followed. Brody noted that the references Jason read about the meters was back when the meters first came out. He believe that when the meters were first put in they all assumed it would be much easier to read the meters than what it actually was. They later realized that having 400 people call or

email Carol was unrealistic and not an easy task. He noted that Carol had nearly 300 people contact her in one month asking for their meter readings.

Brody stated that he and Trevor have talked about contacting the meter company to see if there is a way to save the meter readings. If there is that ability, he could post the readings online. Brody stated that it would only take ten to fifteen minutes to update the readings on the computer and he was willing to do it. They could also post the readings on the bulletin board and people can check it when they come up to their property. Mr. Cylvick asked Brody to check with the meter company to see what was possible. He personally thought the readings only needed to be posted online.

Katie informed the Board that they had checked with their homeowners insurance but the policy would not cover the cost because the leak was not inside the home and the home was not damaged.

Mr. Cylvick asked if the Board was prepared to vote on the one-time reduction. Mr. Gilliam asked how Jason and Katie knew to contact Carol in September. Katie stated that it was posted on the website to contact Carol. When she did, Carol told her to email her after the 10<sup>th</sup> of the month and she would send their meter reading. Jason pointed out that the meeting minutes also indicated that their usage could be obtained from Carol. He stated that they had no reason to think the process would not work. Mr. Gilliam clarified that Jason and Katie got their information directly from Carol on how to obtain their usage. They answered yes.

Mr. Gilliam stated that he was not prepared to vote on a one-time reduction until he had the opportunity to read the Bylaws. The Board tabled a vote until the next meeting. Brody suggested that Jason and Katie should not be charged late fees or interest on their account while the Board was trying to make a decision. The Board concurred.

## **Financials**

The Board reviewed the Profit and Loss/Budget versus Actual. Mr. Cylvick noted that each year they consistently end up approximately \$50,000 in the black. They are very conservative with their income and try to stay on budget. In addition, they have an escrow account where they have to set aside \$1,856 dollars per month as required by the Utah Division of Drinking Water (DDW) for the loan.

Mr. Cylvick updated Mr. Gilliam regarding the collection process and the process for

foreclosing on a water share. He explained that the Water Company owns the water shares and individual property owners own a share of the Pine Meadow Mutual Water Company. When assessment accounts become delinquent after a certain length of time, the Water Company forecloses on the water share. In order to get the water share back, the owner must pay the delinquent balance in full and then buy a water share from Weber Basin and assign it to the Water Company. Mr. Cylvick also explained annexation fees and standby fees.

Mr. Cylvick informed Mr. Gilliam that there was approximately \$175,000 left on the loan. They were thinking of using \$150,000 to increase the booster station for the ability to pump more gallons per minute. Mr. Cylvick stated that currently Pine Meadow has one of the best water companies in North Summit and once they complete all the improvements he believed it would be one of the best in the State.

MOTION: Eric Cylvick moved to APPROVE the profit and loss/budget versus actual for January 2015. 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 per year comparison as of January 31<sup>st</sup>, 2015. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the January-December 2014 balance sheet.

MOTION: Cal Cragun moved to ACCEPT the Balance Sheet Comparison between this year and last year. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

MOTION: Eric Cylvick moved to APPROVE the balance sheet per year comparison as of December 31<sup>st</sup>, 2014. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

## **Unpaid Bills**

Brody Blonquist reviewed the unpaid bills. Allwest Communication and Catapulsion was for the internet. Chem-Tech Ford was for the year-end water samples. The bill from Cleary Building Corp. would not be paid until the building is completed. Coalville Auto and Farm Supply were for filters and U joints for the Ford. Horrocks Engineering was engineering for the project. KGC was for Carol's services. Pine Meadow Mutual Water Company was the debt reserve for the loan. Select Health was the health insurance premium. The Utah State Division of Finance were the two loan payments. Verizon Wireless was for the cell phones.

MOTION: Eric Cylvick moved to pay the unpaid bills as of January 8, 2015. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

## **Manager's Report**

Brody reported that the water system was running great. After the last meeting he and Trevor read the water meters. Some lots had continuous leaks but if it was not affecting the water system they did not notify the property owner, pending a decision by the Board on how to handle those situations. Brody noted that when they did contact property owners in the past it usually backfired on the Water Company because people would always think it was the Water Company's fault. Brody informed Mr. Gilliam that after the last meeting he and Mr. Cylvick decided that if a leak was not affecting the general water system to the point of depleting water for the customers, they would not shut off the meter. The owner is responsible for the water that runs through their meter. He pointed out that the policy was still up for discussion.

Brody reported that one leak in a yard hydrant was affecting the water system and he and Trevor informed the property owner. The owner had a crew come up and repair it that same day. Brody believed there were leaks in the water lines but they are difficult to find in the winter time. They assume this because the history trends are off. This year he intends to put flow meters at the 200,000 gallon tank and the 500,000 gallon to see what actually goes out of it. The ones they were looking at were \$2900. He and Trevor would continue to price out the flow meters and installation to get the best price.

Brody stated that when Uncle Tom's is running it does 16 on and off cycles per day.

They calculated that at 36 gallons per minute it was producing 26,000 gallons per day. They know for sure that the well produces between 30 to 32 gallons per minute, or 43,200 gallons per day. Brody pointed out that the booster pump at Uncle Tom's pumps more than the well with the cycling. Currently, they are three days off and four days on. Reversed, it would be three days on and four days off. Therefore, throughout the year they would be saving 56 days of pumping time at Uncle Tom's. In addition to getting more water to the tank it uses less electricity.

Mr. Cylvick asked how often it would be cycling on and off. Brody replied that it would be one time every three days, which is what Tollgate does now. Mr. Cylvick estimated the cost of the VFDs at approximately \$3500 to \$3800 apiece. Brody noted that the one for Uncle Tom's would need to be bigger because there are two pumps out there. Mr. Cylvick asked for the ampage. Brody was unsure. Brody pointed out that it would be 56 days off for five pumps total. He thought it was worth looking into. Mr. Cylvick agreed. If Brody and Trevor would get a quote on the VFDs the Board would vote on it next month.

Mr. Cylvick remarked that the projects for this year would be the new pump house, the new booster to move water from the 500K tank to the 200K tank and the VFDs . If money is left over they could purchase the flow meters.

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

Minutes Approved

Date