

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, MARCH 10, 2016

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Bill George, Craig Gilliam, Tony Tyler.

Ex Officio: Brody Blonquist

Excused: Trevor Townsend was excused.

Guests: Dan Heath

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

Approval of Minutes

Mr. Gilliam noted that the Tolley's address was incorrect in the minutes. The address shown was actually Mr. Gilliam's address. The minutes should be corrected to reflect the correct address for Mr. Tolley on Oak Road.

MOTION: Cal Cragun made a motion to APPROVE the minutes of February 11, 2016 as corrected. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. Tyler asked if the excess water assessment for 2016 was actually the water used in 2015. Brody replied that he was correct. Mr. Tyler asked if they actually had \$60,000 in excess water in 2015. Brody stated that they typically go off of what was budgeted. Mr. Tyler thought they should know the budget number at this point. Brody thought the \$24,000 showing was significant since it was only March, particularly since many property owners pay quarterly. He was not able to say what the actual billed amount was, but he expected it to be high.

Brody stated that he and Trevor went through the numbers a few days ago and the highest usage in 2015 of all water combined through the meters was December, January and February. December was the lowest, January the highest, and February

was the second highest. Brody clarified that the numbers were based on January 2015 through December 2015.

The Board reviewed the balance sheet. Brody suggested that the budget should be increased for propane next year.

Mr. Cylvick noted that the balance sheet was showing that the Capital Reserve Fund was funded now. This was the first year it showed that.

Mr. Cragun anticipated receiving two more water hookup fee assessments.

MOTION: Eric Cylvick moved to APPROVE the Balance Sheet and the Profit and Loss/ Budget versus actual dated March 10, 2016. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

Mr. Tyler noted that the cabin owners were behind the landowners in paying their assessments. The landowners were 84.4% and the cabin owners 83.4%.

Brody provided a month by month breakdown of metered water usage. The total usage for the year was 5.4 million gallons for metered alone. Mr. Tyler pointed out that 18% of that amount was used in February. May was the lowest usage. Mr. Cylvick thought it was evident that the primary usage was from part-time users. Brody noted that 2 million gallons more was used in 2015 than what was used in 2014. Mr. Cylvick asked Brody to email him all the numbers and the per month breakdown.

Unpaid Bills

Trevor Townsend reviewed the unpaid bills. He noted that Allwest Communications and Catapultion were for the Internet. Evco House of House was still showing a credit. Ferguson Enterprise were parts needed for the lower Tollgate well. KGC Associates was for Carol's services. Pine Meadow Mutual Water Company was the escrow debt reserve fund for the loan. Revenue Recovery was showing a credit. Rocky Mountain Power were the power bills.

MOTION: Eric Cylvick made a motion to pay the unpaid bills dated March 10, 2016. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Correspondence

The Board discussed correspondence from a property owner on Navaho requesting Board approval for a water connection. Mr. Cragun understood that the owner was not asking for a water letter. He only wanted approval to connect so he could continue to build. Brody pointed out that he would have to have a water letter before Summit County would issue a building permit to build. Mr. Tyler did not think the owner had started building because the property was far back on Navaho and difficult to access this time of year. Mr. Cylvick stated that if lot owner pays the meter and impact fee the Water Company would issue a water letter. Mr. Gilliam believed the owner was asking for confirmation that he would be able to hook up to the water system when he was ready; and that he probably needed confirmation to get a construction loan. Mr. Cylvick would email the owner.

Mr. Cylvick referred to correspondence regarding a split meter. Brody was unsure whether the glass was split or the frost plate was split. He would contact the owner.

Mr. Cylvick commented on the Proof of Beneficial Use they needed to file. He had spoken with Dave Dillman with Horrocks Engineering, and Mr. Dillman would do it for \$2500.

MOTION: Eric Cylvick made a motion to give Dave Dillman of Horrocks Engineers permission to file a Proof of Beneficial Use on Water Right #35-5883. Tony Tyler seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Brody believed there was a hole in the pump pipe inside the Tollgate Well down by Moss' Pond. When they turn it and pump directly out of the well they get water, but once they put it in the system there is no water. Brody explained that when the well has pressure on it, the water comes up and goes back down into the well. He would obtain a bid to pull the well to see why they have that problem. Brody commented on the importance of doing it this Spring. He noted that the well only produces seven gallons per minute, but that is a significant amount of water over a 24 hour period. Brody assumed it would require replacing all of the pipe. Mr. Cylvick asked if Brody could estimate the cost. Brody stated that it would depend if it could be hung on PVC or if it

has to be hung on steel. If they can hang it on PVC he estimated \$4,000 to \$5,000. If it has to be hung on steel the cost would be closer to \$7,000 to \$8,000. He would get a bid so they would have an exact estimate.

Miscellaneous

Dan Heath stated that in the past there was discussion about coming along Forest Meadow Road to hook up to create a loop. He noted that approximately six people who live up there are not members and they do not have water. One person who owns three of the lots asked Mr. Heath to attend this meeting to see if there was any possibility for those lots to join the membership.

Brody indicated where the water line dead ends at Shady Lane and where it goes around Forest Meadow and dead ends coming off of Junction Court. Mr. Cylvick stated that a few years ago he negotiated an easement agreement with Jeff Jensen. The agreement was almost completed until Mr. Jensen found out that he needed to join the HOA to be part of the Water Company. At that point he backed out of the agreement. Brody recalled that the original agreement was to go across and through Mr. Jensen's property. Mr. Cylvick stated that in return for the easement the Water Company would give him a free annexation. When Mr. Jensen backed out the Water Company found another route across Grandview. He noted that Mr. Jensen has been hauling water for the past six or seven years because of his refusal to join the HOA.

Mr. Cylvick understood that Mr. Heath was here on behalf of others in that area who would like water. Mr. Heath clarified that there are six lots along the road and they wanted to know if it was a possibility. Mr. Heath explained how he thought they could service those lots without going through the Jensen property. Mr. Cylvick was not opposed to servicing those lots, but the owner would have to pay for the engineering for the water line, the annexation fee, and impact fees. He believed it could be done, but it would be a significant expense to the lot owners. Brody remarked that the engineering would be simple, but because it is a drinking water system they would have to get approval from the State. In order to get State approval they would have to use the Water Company's engineer.

Mr. Gilliam asked if the lots were off the Ranch. Mr. Tyler replied that Forest Meadow Road is on the Ranch but the lots are not. They would also have to join the HOA if they wanted to be part of the water system. Mr. Heath clarified that that portion of Forest Meadow Road was not on the Ranch. Those are SS lots on both sides of the road.

Mr. Cragun asked about additional storage tanks. Mr. Cylvick recalled that it was

suggested as a possibility but nothing more was discussed. Mr. Cylvick thought source was a bigger problem than storage. Brody pointed out that if they build more storage tanks they would need the water source to fill them. Mr. Cylvick agreed. He believed the key was their connection to Mountain Regional even though it was unclear how that would be utilized.

Mr. Cylvick suggested that Mr. Heath tell the lot owners that the Water Company is willing to pursue a connection if they are willing to pay the costs. However, he made it clear that there was no guaranty. The owners would also have to submit a letter of intent before the Water Company would consider starting the process with the engineer. Mr. Tyler thought the owners should pay a certain amount of money upfront before the Water Company would even begin the process. Most utility companies use that same procedure. Mr. Cylvick believed that Mr. Dillman would go out and look at what needed to be done at no cost, and then give a ballpark figure of what it would cost to engineer it. If the owners wanted to move forward they would have to pay all or at least a portion of the cost upfront. Mr. Cylvick pointed out that adding six lots to the system would be additional income for the Water Company and the HOA.

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

Minutes Approved

Date