

Approved
November 2, 2017
as written

PINE MEADOW MUTUAL WATER COMPANY
BOARD OF TRUSTEES ANNUAL WATER MEETING
THURSDAY, NOVEMBER 10, 2016
KIMBALL JUNCTION LIBRARY
SUMMIT COUNTY, UTAH

Board Members in Attendance: Craig Gilliam, Cal Cragun – Board Members;

Ex Officio: Brody Blonquist–Water System Manager, Trevor Townsend, Carol Steedman with KGC Associates, Administrative Secretary

Excused: Eric Cylvick, Bill George, Tony Tyler

Shareholders in Attendance: Bob Burdette

Craig Gilliam opened the Annual Meeting at 6:33 p.m.

Approval of 2015 Annual Meeting Minutes

MOTION: Cal Cragun moved to approve the Annual Meeting Minutes dated November 5, 2015 as written. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

Projects Update

Mr. Gilliam commented on the accomplishments over the past nine years which made it possible to secure a \$3.6 million loan in 2006 from the Division of Drinking Water and an additional \$3.1 million line of credit in 2011 at 3% interest for 30 years.

Mr. Gilliam noted that there were 39 projects on the list. The most current projects were #36 through #39.

Projects for 2017

Brody Blonquist reported that no new projects were planned for 2017. The water

system was currently in a maintenance phase and they would be doing regular maintenance and repairs.

Mr. Blonquist anticipated that some of the older telemetry equipment would start going out. The expected life span on telemetry is 10 to 15 years and the existing equipment was nearly 13 years old.

Capital Reserve

Mr. Gilliam referred to page 2 of the Profit and Loss Budget, and the line item Capital Reserve under Restricted Funds. Currently no money was showing in that category. The budget was \$22,500 and he asked for a motion to authorized paying \$22,500 into the Capital Reserve Fund.

Bob Bennett thought it was already approved at the last Annual Meeting when they approved the 2016 Budget. Carol Steedman replied that Mr. Burdette was correct. However, only \$10,000 was put into the Capital Reserve last year, and the Board would like to put in the full \$22,500 this year because collections have been sufficient. Mr. Burdette pointed out that the full \$22,500 was approved last year, regardless of the actual amount that was transferred. He did not believe another motion was necessary. Mr. Gilliam agreed.

2017 Budget

Mr. Gilliam reviewed the 2015 Actual/2015 Budget and the 2016 Year-to-date, compared to the 2016 Budget and the 2017 Budget.

Mr. Burdette understood that they were budgeting a deficit of \$39,000 next year. Mr. Gilliam replied that he was correct. He noted that last year they had budgeted to lose \$18,000. Worst case scenario is that they would come in at the \$18,000 loss, but most likely they could come out on the positive side. Mr. Gilliam stated that the expenses left for this year were approximately \$126,000, including a number of big ticket items such as the Capital Reserve and existing water shares. Additional income of \$26,000 was anticipated to come in.

Brody Blonquist noted that the Water Company only budgets for one meter fee as the worst case scenario, and this year they received ten meter fees. Carol expected two additional meter fees before the end of the year. Mr. Blonquist stated that budgeting for the worst case scenario can affect the actual budget. Mr. Gilliam stated that if they have the same growth this next year as last year they would not have the projected loss.

Mr. Blonquist reported that he has spoken with two lot owners who would like to annex into the water system next year, and that would bring in approximately \$50,000.

Mr. Burdette asked if the expenditures would be modified if the Water Company did not get the additional water connection fees and/or the annexations. He wanted to know where they would come up with \$39,000 under that scenario. Mr. Gilliam stated that the Water Company tries to modify their expenses throughout the year to stay within the budget guidelines, and it is an ongoing process. Carol suggested that it could result in an increase in dues. The last increase was in 2013. Mr. Gilliam reported that the Board made the decision to budget for a loss rather than to increase the dues. However, the Board would look at the possibility of increasing the dues next year if it becomes necessary.

Mr. Blonquist pointed out that the 10 meters installed this year would be paying a water bill next year. Carol noted that the difference between the standby fee and the metered fee is approximately \$200 per lot. Brody also thought the excess water assessment would continue to increase. He believed there were several possibilities for creating additional money that had not been forecasted.

MOTION: Cal Cragun moved to APPROVE the Budget for 2017. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

Mr. Gilliam noted that the Statement of Assets, Liabilities and Equity was a new document in the packet.

Mr. Burdette noted that the Accumulated Depreciation number was slightly over \$3 million. Carol explained that it was the depreciation on the water system and the assets. Mr. Burdette was unable to find the asset of the water system on the statement. Carol replied that it was the 500,000-gallon tank, plus new lines and pumps. Mr. Burdette clarified that he was looking for it on the balance sheet. Carol stated that the total water system asset was \$6.7 million, which was listed at the bottom of the sheet.

Mr. Gilliam remarked that the Water Company currently had approximately 1.5 million gallons of water in reserve. Brody noted that there were also the meters that Stagecoach had been using but he did not have a total amount on those meters. Brody explained that the Water Company paid for the infrastructure for the Stagecoach line and in exchange, they were given x-gallons of water. Mr. Gilliam noted that if needed, they could take water from Mountain Regional without having to pay for it. Brody

remarked that the water is being banked every month rather than Mountain Regional sending a check. It was a better advantage for the Water Company to bank roll the water in case something goes wrong.

Mr. Gilliam noted that the Water Company upgraded the service truck for \$8,000 and they sold the old truck for \$4,000.

MOTION: Cal Cragun moved to APPROVE the Assets, Liabilities and Equities Statement. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

Annexation Fee

Carol reported that in an effort to make it fair for everyone who has been on the Ranch for 30 years, the Board increases the annexation fee by \$616 each year, so if someone annexes from one of the SS Lots (outside the Ranch boundary) and pays the current annexation fee, they would have paid into the water system. Carol stated that every year the fee is increased by \$616, which is one standby fee.

MOTION: Cal Cragun moved to APPROVE increasing the Annexation fee by the amount of one standby fee of \$616. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

Elections

Mr. Gilliam noted that he and Cal Cragun were up for re-election this year. He is a full-time resident and Mr. Cragun is a part-time resident.

Robert Walthall, Lot E-90, a full-time resident, had also put his name in as a candidate. Mr. Walthall is the founder and president of National Public Safety Solutions. Prior to launching that business, he held the position of Senior Technical Consultant for several of the leaders in global communications, including AT&T and MCI. Mr. Walthall graduated from BYU with a BS in Electrical Engineering. He is married and has three adult children. Mr. Walthall is interested in protecting the water supply and working to ensure its availability.

Miscellaneous

Mr. Blonquist presented the water letter that is sent to a shareholder after purchasing

water from the Water Company. He proposed making a change to the letter stating, "If power line needs to be crossed on the homeowner's side, they will be responsible for trenching under power and three feet on both sides. Meter will not be installed until power is found and meter location is marked. Trench needs to be 18+ inches wide". Brody explained that the Water Company is not insured if they hit power lines and power lines can be very expensive to fix. Last year they barely nicked a power line and Rocky Mountain Power came up and wrapped electrical tape around it at a cost of \$2800 to the Water Company. Brody stated that the homeowner's contractor would have to dig under the power line. Once they are past the power line he and Trevor would tap the water line.

Mr. Blonquist had called four or five different water systems in Summit County and asked about their protocol for a meter connection. He found that the protocol for a meter connection is that the contractor does everything. They dig the water line, tap the water line, dig across the road and run the water line across the road and up to the house. They even set the meter. Brody clarified that the Water Company would still dig the water line, tap the water line and set the meter.

Mr. Blonquist stated that this change would go into effect for people who paid for a water connection in May of 2016 but have done nothing to this point.

Mr. Burdette asked if it was still illegal to water outside landscaping. Brody replied that it is prohibited for people to have irrigation systems or to blatantly leave a hose running to water trees or landscaping. He was not opposed to people using the water to water flower pots.

Mr. Burdette assumed the same applied to ice skating rinks. Mr. Blonquist thought that it would apply. He has never encountered that problem or had to fine anyone. People usually stop after the first warning. Carol pointed out that people who water their landscaping pay for it in excessive water use. Trevor noted that part-time people can water their trees and keep their place looking nice, but because they are part-time they do not come close to using the allotted 20,000 gallons for the year. He and Brody consider that as well.

In response to a question from Mr. Burdette about tracking water usage, Brody explained how the history trends work and what they can tell from reading the history trends. Carol stated that the water readings are on the website and she updates them every month. Property owners can track their own usage on the website at www.pinemeadowwater.com under Managers Report and the link Meters. The readings are listed by the physical address of the property.

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The Annual meeting of the Pine Meadow Mutual Water Company adjourned at 7:07 p.m.

Minutes Approved

Date