

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, NOVEMBER 17, 2005

PINE MEADOW RANCH

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick–President, Eric Anderson - Vice President, Cal Cragun, Dan Heath–Board Members

David Hale was excused. Mr. Cylvick noted that Bill George needs to be told that he won the election and should attend these meetings.

Ex Officio: Brody Blonquist–Water System Manager

1. Approval of Minutes

Cal Cragun noted that there were minor errors in the minutes in terms of who was speaking but it did not present any conflicts or change the outcome.

MOTION: Mr. Cragun moved to APPROVE the minutes of October 27, 2005. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously.

1. Financial report

Mr. Cylvick reviewed the profit and loss statement. They are minus one on the annexation fees but he was not concerned since they are currently working on one. Mr. Blonquist noted that the profit and loss statement that was reviewed at the annual meeting was inaccurate. Mr. Cylvick replied that Carol had sent the financial statements for 2004 rather than 2005 for the annual meeting. Mr. Cylvick pointed out that the income was \$331,411 and the water connection was \$25,000 and he was confused as to how Carol came up with a total of \$504,000. He understood that the impact fees are \$109,000 as opposed to \$46,000. He wondered if Carol had added in a money market. Mr. Cragun pointed out that transferred income was a new line item. The Board members were unsure what transferred income meant and asked Carol to email each of them with an explanation of transferred income and where it comes from as income.

Mr. Cylvick noted that they were over budget on Other Equipment this year and suggested that he add a new line item for \$5,000 or \$6,000 each year to cover tools and miscellaneous equipment. After further discussion of accounts, Mr. Cylvick remarked that they are \$3200 over on Equipment/Other, \$2300 over on Facility Improvement and Repairs, \$5400 over on total insurance, \$2400 over on Meter Installations, \$570 over on Total Professional Services, \$8500 over on Total Repairs, \$210 over on Source Protection, and \$254 over on Vehicle and Equipment. Mr. Cylvick stated that they have an additional \$108,000 in revenue over what was budgeted. They are under budget on Water System Repair Maintenance and Water System Improvements. Taking into account the things that he did not include in the budget, Mr. Cylvick stated that he was trying to figure out where they are financially. He felt they would end up

Pine Meadow Mutual Water Company
Board of Trustees Regular Meeting
November 17, 2005
Page 2

approximately \$25,000 over budget on some of the line items by the end of the year. That alone is compensated by the fact that they chose not to do Modoc Loop or the water system repair and maintenance which saved \$28,000. Mr. Cylvick believed this would counteract any overages in the budget. This leaves \$108,000 in revenue but they still need to fund the water shares and the restricted fund balance.

Mr. Cragun referred to the last page of the profit and loss statement and assumed that the collection expense in the amount of \$7,727.86 was for Now Recovery. Mr. Cylvick believed this was the amount they were paying to Now Recovery.

Mr. Cylvick stated that the balances in the checking and saving accounts total \$379,799.

Mr. Cylvick reported that he had ordered a seismic at Pine Meadows. Mr. Blonquist and the engineer dug two test holes yesterday and the engineer will perform the soil test. The cost for doing this is \$2100. Mr. Cylvick explained that the engineers will determine where the rock layers are so the tank can be designed accordingly prior to going out to bid. Mr. Cylvick remarked that this was one expense that was incurred without being budgeted. Mr. Anderson noted that they are also moving forward with bigger plans than originally anticipated. Mr. Blonquist stated that doing these projects this year should lower the budget for next year.

MOTION: Eric Cylvick moved to APPROVE the profit and loss and balance sheet. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. The bill from Coalville Auto and Parts Supply was the cost of chains for the one-ton truck. The bill from Geary Construction was for gravel that was used on the parking lot and well site. Mr. Blonquist stated that he has been unable to reach Half Day Dave's Trucking regarding the credit. The bill from Home Depot was for a shelf and other items he purchased for the shop. The bill from Plumbers Supply was for odds and ends parts. The Qwest bill is for the phones. The \$99 bill from Summit County Treasurer is for property taxes. The Secretarial Source is Karen McLaws. Utah Power and Verizon Wireless are regular monthly charges. The last page was the bill for the water shares.

MOTION: Eric Anderson moved to APPROVE the unpaid bills. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Mr. Blonquist presented bills he received today from Whiskey for the truck time.

MOTION: Mr. Cylvick stated that Jim Wilson, aka Whiskey, has submitted a bill in the amount of \$1317 for dump truck time and he moved to approve payment of that bill as a separate invoice from the other unpaid bills. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

1. Public Comment

There was no comment.

1. Manager's Report

Mr. Blonquist reported that he did a sample today on inorganics and metals and they are at the State. He purchased tire chains for the backhoe for a total amount of \$650. Mr. Blonquist asked the Board to continue their previous discussion on a snow plow for the backhoe. He believed the cost would be \$5500 including the cost of transporting it from Brigham City. Mr. Cylvick felt a snow plow would be a good investment. Mr. Cragun recalled from the website that the grader blade on the backhoe would also work as a snow plow. Mr. Heath suggested that they look into a V-plow if they are going to be doing new turf. Mr. Blonquist did not believe they could use a V-plow on the backhoe. Mr. Cylvick did not think they had a lot of options for a blade. Mr. Heath asked about the brand of the plow. Mr. Blonquist stated that he did not know the brand but it was the only blade Komatsu could find in northern Utah without spending a lot more money.

Mr. Cylvick commented on the importance of keeping the well site cleared this year. He spoke with Robert Armstrong again and it appears they are still around the same price. There was a minor increase but everything looks good. If Whiskey is willing to drive his trucks up there the first of March, Mr. Armstrong will set up and start drilling. Mr. Cylvick noted that the loan money will not be available until they can get the water. Mr. Cylvick stated that they definitely need snow removal equipment and they need to keep the area by the 60 gallon tanks cleared and open. He could do it with his machine but it takes a lot of time and he is not always there. If they cannot keep the area cleared it will be impossible to start the project in the Spring. Mr. Cragun gave Mr. Blonquist a website to search for a blade. He has a high school friend who invented a graphite blade for grading and he may give them a reduced price if he has a blade for snow plowing. Mr. Cylvick suggested that Mr. Blonquist look up the website and defer the discussion until later in the meeting.

1. Open Discussion

Mr. Cylvick reported on an email he received from Dave Dillman. Mr. Dillman believes that because they are structured as a private water company the State should give them reduced requirements which means they can set their own rules. Mr. Cylvick noted that Dave Dillman has written the required letters to the Division of Drinking Water.

Mr. Cylvick commented on hiring an additional full time worker and believed that the Board should keep this as a discussion item. If they obtain the loan and decide to do these water projects themselves they will need to look at the possibility of hiring someone who can operate a trackhoe. Mr. Blonquist understood that projects using government money must be bid out. Mr. Cylvick replied that he had spoken with the Division of Drinking Water and while there are some regulations, they could see no problem with doing the water lines in-house as long as they carefully document the dollars spent. He noted that Dave Dillman is still working on the environmental assessment.

Mr. Cylvick stated that the Water Company has been paying 100% of the water company phone bill for Karen, and now Carol, and the Homeowners should be paying half. He asked Mr. Heath to bring this up at the next Homeowners meeting. The cost is approximately \$40 but it is important for separation.

Mr. Cylvick asked about Now Recovery. Mr. Cragun noted that the contract was approved at the last Board meeting and he has not heard back from them. He will follow up and report back at the next meeting.

Mr. Cylvick asked for an update on the landlocked property. Mr. Heath replied that Summit County has said that the property was deeded back to Pine Meadows, however he checked the title and it shows that Summit County still owns it. Mr. Cragun suggested that Carol contact Jamie Brackin with that information.

Mr. Cylvick stated that he has been in communication with Ted Barnes and Carol to find out when the last annexation was done to see the documentation. Mr. Anderson was surprised to learn that the owner needed an actual water share. He intends to post a checklist on the website to let people know the cost of annexing. Mr. Cylvick noted that the bylaws clearly state that in order to annex someone into the Ranch they need to bring a water share either by lease or purchase. Mr. Burnett was told that he could lease a water share from the water company but that has never happened. After further discussion, Mr. Cragun felt they should send letters to people who have not paid for leased water shares before they get too far out. Mr. Blonquist noted that the signed water letter states that the Water Company will give them one water share. Mr. Anderson argued that issuing the water letter indicates that the property owner is leasing that share because they are annexed in. The Board could find no history of what has been done with regards to water shares. Mr. Cragun felt they should establish a precedent and if there are valid complaints they can look at changing it. The Board tabled this item for further research and consideration. Mr. Cylvick asked Mr. Blonquist to email the names of people who were annexed in and the annexation dates. He will talk with Carol to find the best way to handle this situation.

Mr. Cylvick noted that the Water Company phone number that Karen has been using cannot be transferred to Carol. They can either have the calls forwarded to Carol's line for \$20 per month plus 8 cents per call, or they can get Carol a cell phone with 500 minutes and transfer that number on to the cell phone. Mr. Anderson felt there should be a way to transfer the line and offered to work with Carol and the phone company.

Mr. Anderson noted that Gene Cook, Lot D-71, had asked for a one-time exemption in October. Mr. Blonquist noted that Mr. Cook did have a leak. Mr. Anderson had attached a note to the request in October stating that nothing could be done until the meter was read. He was confused because Mr. Cook's bill from last year was \$875 and the current bill, including adjustments, would be \$1419.90. After looking through the invoices, the Board determined that Carol had already applied the one-time reduction formula for a total of \$1419.90 and was asking if that amount could be reduced further. The Board agreed that the bill cannot be reduced beyond the one-time reduction.

MOTION: Eric Anderson made a motion to approve the reduced water bill of \$1,419.90 on Invoice 662. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Pine Meadow Mutual Water Company
Board of Trustees Regular Meeting
November 17, 2005
Page 5

Mr. Cylvick stated that Gene R. Cook will be billed \$1,419.90 for their water usage in 2005. This amount represents a one-time over usage reduction.

Mr. Cragun reported on the Utah Local Governments Trust that the Board apparently belonged to but no one knew much about. After doing some research, Utah Local Governments Trust was going to fax him a copy of their contract. He noted that Pine Meadows currently has workman's compensation through them which will be renewed again on January 6. He is waiting to receive a copy of that renewal with cost information. Mr. Cragun explained that Utah Local Governments Trust is an insurance company that offers other products that can go as low as a one man group. They are sending a kit that will show their product and the costs so the Board can analyze the material and see if it is more cost effective than using a private company like they have with Mr. Blonquist. Utah Local Governments Trust will cover all the insurance that Mr. Blonquist has now and Mr. Cragun wants to see if their coverage is better than what they currently have.

Mr. Anderson commented on identification at the bottom of Tollgate Canyon. He envisioned a single post with a slight roof over it and a board with writing that says "Pine Meadow Mutual Water Company system updates". When Mr. Blonquist puts something on the web site it can be printed off, and put into a case. Hopefully, when people drive up they will see the system updates and stop to look. This will help inform those who do not have access to the web site.

Mr. Blonquist had looked at the web site for the snow plow that Mr. Cragun has suggested earlier but he could not find much information. Mr. Cragun recalled reading about the winter blade when he pulled up the web site. Mr. Cylvick felt they should make a decision this evening. Whiskey had said that he would like the homeowners to purchase a grader and Mr. Cragun was sure that he had read somewhere that the blade was interchangeable. Mr. Cylvick did not want a situation where something had to be taken off the grader and put on the backhoe. Mr. Cragun offered to call Malcolm tomorrow and he will let Mr. Cylvick and Mr. Blonquist know what he finds out. Mr. Heath offered to call the person who made the plow for him to see if he has anything that would work for Pine Meadows. Mr. Cylvick suggested that any research be done quickly because they need a plow as soon as possible. Mr. Blonquist worried that the one in Brigham City could be gone by the time they make a decision. Mr. Cylvick wanted to have a decision by next week. He noted that the Board could vote on a motion by email.

Eric Anderson asked if Jeff Jensen had been given his one-time reduction. Mr. Cylvick recalled that Mr. Jensen's one-time ended up being his second time. Mr. Anderson thought the Board had decided to look into his bill. Mr. Heath stated that Carol had sent him Mr. Jensen's records and it was all on his computer. Mr. Jensen told Mr. Heath he would come by so they could discuss it but he has not heard from him.

Mr. Heath asked for discussion on using the one-ton truck and putting on a sander. The Homeowners Association has been debating this and Mr. Heath would like to move on it this week if the truck is still available. Mr. Heath stated that it would be an easy on, easy off setup. He expected that either Mr. Blonquist or Whiskey would drive it. Mr. Blonquist suggested that they check to make sure that Whiskey is covered on the insurance for the one-ton truck. Mr. Cylvick asked Carol to see if they need to include Whiskey on the insurance policy so he can drive the one-ton truck. He also suggested that they check to see if Whiskey is included on the insurance for the backhoe.

In looking at the assignment spread sheet, Mr. Anderson noted that on October 27 Patty Charles requested a reduction for over usage on her water and Mr. Cylvick had offered to contact her.

Mr. Cylvick provided an update on the situation with Joe Rush that was discussed at the last meeting. He had contacted the property owner and found that there was no contract or anything in writing between Mr. Rush and the property owner. After talking with Mr. Cylvick, the property owner planned to contact his attorney and have a contract drafted. Mr. Cylvick noted that he has not heard anything more from Mr. Rush.

The Board discussed the amount of phone calls and fuel that Mr. Cylvick is using for Water Company business and felt that he should be reimbursed for some of his expenses. Mr. Cragun suggested that Mr. Cylvick keep a log to document his expenses and turn that log in for reimbursement. Mr. Cylvick remarked that if the Board would increase the stipend for attending meetings to \$25 per meeting that should cover the cost of his cell phone and gas.

MOTION: Eric Anderson made a motion to increase the amount of the meeting stipend from \$20 to \$25 per meeting. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick reported that Carol needed to order more checks and had asked if she could order them from Quick Books. The cost for 600 checks is \$100 and he had authorized her to make that purchase. Carol had noted that the account at Brighton Bank needed new signature cards and that Karen McLaws and David Hale should be taken off as check signers. Brighton Bank needs updated information on the new check signers and David Hale and Karen McLaws need to sign forms so the bank can remove their names. Mr. Cragun suggested that he be a signer in place of David Hale until they get to know the new Board member.

MOTION: Eric Anderson moved to nominate Cal Cragun as the treasurer. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

The next Board meeting is scheduled for December 15. Mr. Anderson noted that the meeting schedule and locations will be posted on the web site.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 8:10 p.m.

Minutes Approved

Date