

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, DECEMBER 15, 2005

SHELDON D. RICHINS BUILDING

SUMMIT COUNTY, UTAH

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

Ex Officio: Brody Blonquist–Water System Manager

Guests: Kirby Wilson and Adrien Wilson, Ryan Smith

1. Approval of Minutes

MOTION: Eric Cylvick moved to APPROVE the minutes of November 17, 2005. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously.

1. Financial report

Mr. Cylvick reviewed the profit and loss/budget versus actual and noted that they are currently \$118,000 over budget. They are slightly over on the expense for total equipment. Management services should end up on budget or possibly less. Most of the other line items were close to the budgeted amounts. Mr. Cylvick commented on the restricted fund balance, the capital reserve fund, and a contingency fund. The contingency fund transfers over to the fund balances on the balance sheet under equity. There is \$88,501 in the capital reserve fund, \$20,000 in the restricted fund, and the contingency and legal reserve has \$20,000. Mr Cylvick remarked that originally the impact fees assessed at the Ranch were supposed to be put into the capital reserve fund and used for projects. However, in an effort to upgrade the water system in a quicker time frame they started the capital fund with \$20,000 and it has grown from there. Hopefully they can continue to fund it at the same rate. Mr. Cylvick reported that the checking account balance is \$420,000.

MOTION: Eric Anderson made a motion to pay the capital reserve, contingency, and legal reserve accounts. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Bill George wanted to know who conducts the evaluation on the water system. Mr. Cylvick could not recall who had done it but they came in and evaluated the water lines and the structure. He believed Horrocks Engineering was involved in some way. In response to questions from Mr. George, Mr. Cylvick explained that previously a special service district of the homeowners association controlled the water system and the roads. Six or seven years ago it was split and the homeowners association remained a special service district and Pine Meadows became an actual water company. The Water Company has five board members and they do not need shareholder approval on decisions.

Mr. Cylvick reviewed the balance sheet and compared it to the profit and loss statement.

MOTION: Mr. Cylvick made a motion to APPROVE the balance sheet. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. The invoice for Clyde, Snow, & Session was the bill from the attorney. Mr. Blonquist noted that Half Day Dave's Trucking still owes the Water Company \$986 and Mr. Blonquist has not been able to reach him. Mr. Cragun suggested that Carol request the credit from Half Day Dave's Trucking in writing. Mr. Blonquist believed Carol had previously sent a written request. Mr. Cragun asked that Carol send another request, even if she had sent one previously, and mark it "second" request. He noted that this matter needs to be handled immediately so their books will balance by year end. Mr. Blonquist stated that the bill from Horrocks Engineering was for engineering services to date. He was unsure about the bill from Immersion Development Consulting. Mr. Cylvick stated that Immersion Development does their website. Mr. Blonquist explained that the invoice for Mike Hale Chevrolet was for service on the one-ton truck. He presented the usual utility bills and noted that the bill from Sinclair was gas for the one-ton and the backhoe. There was a bill from Utah Local Government Trusts for the workers compensation. The bill from the Weber Basin Water District was for water shares. Mr. Blonquist presented a bill for the pipe rack in the amount of \$550.

Mr. Anderson clarified that the bill from Immersion Development Consulting was for the total labor on the website. He felt it was a good price for changing over and updating the website.

Dan Heath asked if the cost for diesel is a typically normal monthly charge. Mr. Blonquist replied that the cost this month is actually less because they are not running the equipment as much. Mr. Heath noted that the Homeowners are paying \$750 and they believe that amount is high. However, compared to the Water Company the amount is reasonable. Mr. Blonquist noted that the cost covers fuel for the one-ton and the backhoe. He purchases 100 gallons at a time.

MOTION: Eric Cylvick moved to APPROVE the unpaid bills, including the bill for the welding rack. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously.

Mr. Blonquist presented the conservation plan from Dave Dillman and noted that it needs to be approved and signed by the Board. Mr. Cylvick explained that the conservation plan is a requirement for receiving the loan from the Division of Drinking Water. He summarized the key points in the conservation plan.

1. Public Comment

Kirby Wilson stated that he and his wife own a cabin at Pine Meadows and they are working on a plat amendment. The cabin is on one acre and they purchased three adjacent acres for a total of four acres.

They have paid one water connection fee and the three standby fees that come every year. Mr. Wilson remarked that Karen McLaws told them that if they do a plat amendment they would only be billed for one connection. Mr. Wilson noted that he has been working with a surveyor since June or July and they just recently filed the application with Summit County. He felt they would miss the December 31 deadline by a few weeks and asked the Board if the standby fees could be waived for 2006. Mr. Cylvick clarified that the water meters are read in October so the billing Mr. Wilson received is for water use in 2005. Mr. Cylvick was not opposed to waiving the fees for 2006 if it is only a few weeks. He will research the bylaws to make sure the Board has the ability to waive the fees under these circumstances. Mr. Wilson stated that he owns Lots G24, 25, 59 and 60. The cabin is on G25.

Ryan Smith, a cabin owner on Shady Lane, stated that on July 19, 2005 he came up to meet a subcontractor who was working on his property and noticed a water leak. Mr. Smith explained that a pipe had blown out right below the main shut off valve where the main line comes into his basement. He believed the water had been shooting out for approximately one day and it destroyed his entire basement. Mr. Smith asked about the appeal process for a one time variance on his water charge. They are part-time residents who typically come up every other weekend and they always stays within the 10,000 gallon minimum. Mr. Cylvick explained that the Board can grant a one time adjustment based on a calculation contained in the bylaws. He clarified that this adjustment can only be granted one time so if the Smith's ever have another leak they will be responsible for the cost. Mr. Cylvick stated that Carol Steadman can work out that calculation and revise their bill. Mr. Smith stated that he always turned off the shut off valve but he has changed his process and now turns the water off all the way to the road.

MOTION: Eric Anderson made a motion for a one time reduction of the water bill for Ryan Smith, Lot FM-C-66 barring that there has not been another one- time forgiveness for this owner and that their bills have been paid and their balance is current. Mr. Cragun seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed various items for action and/or signatures.

MOTION: Mr. Cylvick made a motion to APPROVE the conservation plan. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously.

4. **Correspondence**

Mr. Cylvick noted that Wyatt and Patty Thurman were requesting a one-time reduction. Mr. Blonquist noted that Ms. Thurman caused the problem herself by knocking the connection loose.

MOTION: Mr. Cylvick made a motion to give Wyatt and Patty Thurman a one-time reduction on their water bill contingent on the fact that they have never been granted a reduction and that they are current on their water assessment. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick referred to a letter from Jessie Davis disputing his use of 75,000 gallons of water. Mr. Blonquist recalled reading the meter and noticing that it was a large increase. Mr. Davis assumed this

Pine Meadow Mutual Water Company
Board of Trustees Regular Meeting
December 15, 2005
Page 4

was a mistake since he is not connected to the meter and has not used any water. Mr. Blonquist suggested that they wait until next summer and he will read the meter again. Mr. Cragun agreed. Mr. Cylvick asked Carol to send a letter to Mr. Davis letting him know that the Board decided that he should pay \$491 and Mr. Blonquist will re-read his meter in the Spring and make a determination at that time. In the meantime, the Board suggests that Mr. Davis put a lock on his meter.

Mr. Cylvick referred to a letter from Leon Day with a similar problem as Mr. Davis. The Board agreed that Mr. Day should pay his assessment and Mr. Blonquist will re-read his meter in the Spring.

Mr. Cylvick referred to a water problem on Lot PIE-25, Sherry Richardson. He spoke with Ms. Richardson this morning and all she wants is an answer as to whether the problem is on her side of the meter or the other side. Mr. Blonquist noted that Ms. Richardson was at the annual meeting and he told her he would check it out in the Spring and dig it out at the main line.

Mr. Cylvick referred to a note from Carol indicating that Jeff Jensen's statement for \$5,599 for water use is accurate. She had sent him a complete packet of all his invoices and statements but she had not heard back. She also sent the same packet to Dan Heath. Mr. Jensen did receive a credit for a one-time water leakage reduction in 2003 and he has made no attempts to make payments. Carol noted that according to the minutes from the previous meeting the Board was going to make a decision on this matter. She wanted to know how to proceed. After further discussion, the Board was willing to allow Mr. Jensen the opportunity to work off a portion of his bill with his heavy equipment or some other means. However, it was up to Mr. Jensen to approach the Board with a solution. Mr. Cylvick asked Carol to send Mr. Jensen a letter letting him know that he must pay this bill and that the Board is willing to work with him on trading out some of his payment if he comes to the Board with some suggestions for discussion.

Mr. Cylvick referred to correspondence regarding Lot PI-F-38, Patti Charles aka Kenneth Van, who has been awaiting a decision since September 2005. They owe a total of \$4,272 which includes the 2006 billing and they would like to clear this matter. Mr. Cylvick offered to contact Carol tomorrow regarding this matter.

Mr. Cylvick noted that procedure regarding the loan from the Division of Drinking Water requires the Board to conduct a public meeting. Notice must be posted on the website and the bulletin board, and published in the local newspaper. Mr. Cragun asked if they needed to perform an environmental impact statement. Mr. Cylvick replied that Dave Dillman is currently working on an environmental assessment and the cost will be \$5,000 to \$10,000. The Board had approved this expense at a previous meeting.

Mr. Cylvick commented on a credit card application for a card that Mr. Blonquist can use to purchase small items for maintaining the Ranch.

The Board discussed meeting dates. The next scheduled meeting is January 12 at the Sheldon D. Richins Building at Kimball Junction. Mr. Anderson wondered if they should have another meeting at the end of January to discuss the loan. The Board agreed to notice a public meeting for January 26.

4. **General Discussion**

Mr. Cragun read a letter from Deputy County Attorney, Jamie Brackin to Carol Steedman explaining that the County Commissioners feel that because the lots are so tiny, the underlying owners are paying the fees in full. Mr. Cragun noted that the County has taken back a few landlocked pieces that no one owns

and the property is just sitting there. The letter further explains that they will go through a process where the portioned lots will be offered to the underlying lot owners first and to the Board second and/or go to public auction. Mr. Cragun clarified that the County will not give the land back to Pine Meadows. That decision will be made in January at which time they will get an appraisal and market the lots. Carol had indicated that she would contact the County again the first part of January.

Mr. Cylvick acknowledged that Pine Meadows had lost and it was not worth the cost of fighting the County.

Mr. Cragun reported that Utah Local Government Trust program handles their workers compensation insurance for \$18,088. He thought Dave had handled that through the other program but apparently that was not the case. Mr. Cragun believed the cost was based on payroll and salary. He noted that Utah Government Trusts lists the salary as \$72,000 and he felt that amount was high.

Mr. Cragun commented on the possibility of adding maternity to Mr. Blonquist's insurance policy. At this point, the IHC policy does not include maternity, nor do they have individual policies with maternity. Mr. Cragun remarked that Utah Local Government Trust offers a health insurance policy that covers maternity, dental, life insurance, and other finer points. Mr. Cragun reviewed three plans offered by Utah Local Government Trust. The underwriting will determine the final premium amount. The top premium for a family is \$1,888.80 per month for Preferred Option I. Preferred Option 2 is \$1200. Preferred Option 3 is \$1225. The Advantage Plan is \$1225. Advantage 2 is \$1,000. The Summit Plan drops down to \$960 and there are other lower cost comprehensive plans. Mr. Cragun stated that the policies range from \$950 to \$1500. Mr. Cragun stated that the Board could increase the premium by \$100 or more to enhance Mr. Blonquist's current plan by adding a bridge to cover maternity or they could choose one of the Utah Local Government Trust options. Mr. Cragun offered to review the various plans against the IHC plan and compare the costs and coverage. Mr. Blonquist's insurance is up for renewal in January so he will email the Board members with his recommendation within the next few days.

Mr. Cylvick commented on the public notice for the January 26 meeting. Mr. Anderson will make sure it is posted on the website and Mr. Cylvick will contact Carol about mailing notices. He asked Mr. Blonquist to post it on the board at the bottom.

4. **Manager's Report**

Mr. Blonquist reported that a bad sample come back but it was not enough to create panic. He believed the problem was coming from the spring. Mr. Blonquist wanted the problem handled in a way that would eliminate any more worries about bad samples. It will protect the public's health. He stated that the chlorinators are great for what they do, however too much residue builds up on the parts of the chlorinator and the digital and after awhile they quit working. Mr. Blonquist suggested putting in a gas chlorinator at Bob Cat Springs. It is a 150 lb. gas cylinder of chlorine that you wheel in, put on the scales, and hook up. It is not granular chlorine which is what they have now. Mr. Blonquist stated that one gas chlorinator at Bob Cat Spring would cover the entire water system. Mr. Anderson remarked that the granular chlorine is very toxic and the fumes are hazardous and unhealthy. For environmental reasons and health reasons for Mr. Blonquist, he agreed they should have a functioning system. Mr. Blonquist estimated that the total cost for the system and installation would be approximately \$2,000. Someone is coming up next week to look at it and give him an actual cost.

Pine Meadow Mutual Water Company
Board of Trustees Regular Meeting
December 15, 2005

Page 6

Mr. Cragun recalled someone saying that when the new wells are up and pumping they would not need a chlorination system. Mr. Blonquist stated that chlorine is not needed for wells but a water system can be contaminated from anywhere. Mr. Anderson remarked that contamination comes from the spring. Mr. Blonquist stated that numerous things can contaminate the water system. Mr. Cragun assumed that chlorination would be necessary regardless of the system. Mr. Blonquist recommended chlorination. Mr. Cylvick asked Mr. Blonquist to get an accurate price and let the Board know. If necessary, they can make a decision and approve it via email.

Mr. George asked if there is anything more up-to-date than chlorine. Mr. Blonquist replied that chlorine is the only thing allowed in drinking water. Mr. Cylvick felt they should purchase a respirator for Mr. Blonquist to use when filling the tanks. Mr. George agreed that a respirator should be a priority for safety reasons.

Mr. Anderson asked the Board members to review the website page by page. He will add on the EFI sale. For now people should email him the information and he will edit it and send it to the web company for posting. He noted that the minutes were missing but they are now back on. The commuter link is on and there are cameras from Highway 40 to I-80 all the way into Salt Lake and Ogden which will enable people to check traffic situations.

The Board discussed winter water shut off. Mr. George asked if there is a set policy. Mr. Cylvick stated that they have been shutting off sections of the Ranch that are not buried in snow. A plat is completed, Four Snows is completed, and I-5 is completed. Year round-water must be shut down for one month. Mr. Cylvick explained that the State requires that if 25 people or more are served with water year-round they are considered a community water system. At this point, they do not have the ability or capacity to be a community water system. A few years ago they decided to keep the water on all winter so they could test Forest Meadows, I-Plat, and A-Plat to see how it runs all winter and where they have problems. They shut it off in April when there are no freezing issues which constitutes being off for a month. Mr. Cylvick explained that the Board determines when to shut off the water and they defer that decision to the water manager to shut off sections as he sees fit. Mr. Blonquist stated that he usually waits until someone tells him their lines are frozen. Mr. Cylvick explained that there is no set policy and timing is dictated by the weather.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 8:20 p.m.

Minutes Approved

Date