

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JULY 26 , 2007

PINE MEADOW RANCH
SUMMIT COUNTY, UTAH

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

Dan Heath was not in attendance.

Ex Officio: Brody Blonquist

President Eric Cylvick called the meeting to order at 6:40 p.m.

Minutes

MOTION: Eric Anderson moved to APPROVE the minutes of July 12, 2007. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Financials

Eric Cylvick reviewed the profit and loss/budget versus actual. He stated that they are \$43,000 under budget and a few more water letters would put them in better shape.

Mr. Cylvick noted that Jill and Matt Brown had purchased lot 44B in the Spring and the annexation fee was not shown. He asked Carol to call him regarding this matter.

Mr. Cylvick remarked that insurance costs were higher than he had anticipated in the budget. Cal Cragun reported that he has had several conversations with the insurance company and there is no way to decrease the cost because the salaries have increased. Mr. Cylvick noted that the County reassessed everything and the property taxes had doubled.

The Board discussed well scrubbing at Uncle Tom's and whether that could be included in the loan. Mr Blonquist thought it would be considered well improvement. Mr. Cylvick had not read the hydro-geologist report but in talking to the geologist, he understood that if they dig a deeper well at Salt Box, the oyster ridge formation dives down in that area and they might find water. He explained that oyster ridge is a layer in the formation of rock where water has been found in the past. If they drill in that location it would be a well improvement and they would not need to apply for a well permit. Since he had not read the report, Mr. Cylvick was unsure what the report said about Tollgate and Uncle Tom's.

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Mr. Cylvick felt they should defer the cost to the loan for the scrubbing and improvement of Uncle Tom's.

MOTION: Eric Cylvick moved to APPROVE the profit and loss/budget versus actual. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick referred to the balance sheet and noted that Pine Meadow is worth \$4-1/2 million dollars.

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

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. He referred to the bill from Capital One for \$560 and noted that \$500 was the deductible for the truck, \$10 was for equipment, and \$50 was to replace Trevor's phone. The bill from Catapultion was for the internet. The Ferguson Enterprise bill was for chlorine and parts. Geary Construction was for sand. The Home Depot bill was for two pallets of concrete. J & R Development was for the tank, Komatsu Equipment was for oil and a fuel cap on the backhoe. Mobile Mini was for the storage unit. Mountain States Water Works was for parts. The bill from Pine Meadows Ranch was for the roads. Rocky Mountain Power was the monthly bill. The Wheeler Machinery bill was for grease and miscellaneous items. The bill from White House and Company was for tax consulting services and a meeting with Carol on a report for the loan. The bill from Wilson Ranches was for the trucking on Uinta View.

MOTION: Eric Cylvick moved to APPROVE the unpaid bills.

Mr. Blonquist reported that the cost for doing all of Uinta View Drive was \$2500.

Bill George seconded the motion.

VOTE: The motion passed unanimously.

Mr. Blonquist presented the bill from J & E Excavation. He noted that \$31,150 was for Jed's time on the trackhoe. The truck time was \$14,850.

MOTION: Eric Cylvick made a motion to pay J & E Excavation Inc., \$31,150 for the trackhoe and \$14,850 for the trucks. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Mr. Blonquist reported that the well went down and they ran out of water on Sunday. Matt, with Delco, came up on Monday and replaced the starter. The well is back up and running fine. Everything else is going great and the crew is working hard. They have approximately 2,000 feet left to do on Elk Road. In total they will lay 7,000 feet; which means that 5,000 feet has already been laid this year. Mr. Blonquist stated that Jed hit rockier ground which slowed him down a little, but otherwise everything is going as planned and on schedule. Trevor will finish Elk Road and move to Alexander Canyon. That only leaves Pine Loop and the Main Road that goes into Forest Meadows. He expects to do that work next Spring. When Jed is finished he will take over Alexander Canyon and Trevor will move to Pine Loop. Mr. Blonquist did not think it would be necessary to replace Pine Loop. They will dig down to see how deep the lines are. If it is deep enough they will just put in fire hydrants and gate valves and do the two dead end roads, which are Pine Needle Circle and Pine Cone Circle.

Mr. Anderson asked if Pine Loop is in good enough condition. Mr. Blonquist replied that everywhere they have dug up that line they have found pipe over 5 feet deep. They will pothole every 500 feet where a fire hydrant should go and dig down to test the depth. The two dead end roads are only 250 feet long each. Mr. Blonquist anticipated that Pine Loop would only take two weeks to complete. Mr. Cylvick asked if the pipe has already been purchased and Mr. Blonquist answered yes. Mr. Blonquist noted that Pine Loop was done seven or eight years ago and he assumes the pipe is adequate and the lines were laid deep enough. Mr. Cylvick worried about getting all the junctions done. They are the biggest problem and he asked Mr. Blonquist if he would have time to complete them. Mr. Blonquist did not think the junctions would be finished this year. They are pushing to get Pine Loop and Alexander before the end of October. He explained that he does not like to dig up the road any later than October because of the settlement.

Mr. Blonquist asked Eric Cylvick to report on the tank. Mr. Cylvick stated that he had called someone regarding the tank because nothing has been accomplished for several weeks. He asked Dave Dillman to write a letter letting them know that the Water Company will start charging liquidated damages if something is not done by August 1st. He also mailed the contract to Ted Barnes for his review and he will write a letter. Mr. Blonquist noted that the only thing left to do is the piping. Mr. Cylvick stated that there was also a problem with the roof. Mr. Blonquist replied that the roof is fine. Mr. George asked about the water and chlorine. Mr. Cylvick noted that the water is not in yet. Mr. Blonquist stated that the concrete needs to be repaired. The inside was being pressure washed today and the concrete cracks will be filled. He was told that it should be ready for water on Monday or Tuesday. Mr. Blonquist remarked that once Mr. Cylvick made a phone call everyone was up there working. Mr. Cylvick was concerned about running out of time, especially if it starts to snow in early October.

The Board and Mr. Blonquist discussed timing. Mr. Blonquist stated that if the tank company is not finished before Jed gets there, he will need to make the decision on whether to shut Jed down until they can back feed the water. Mr. Cylvick felt they should start filling the 200,000 gallon tanks now and let them know this is what they're doing. He asked Mr. Blonquist to call the tank company tomorrow.

Miscellaneous Business

Mr. Cylvick stated that he still did not have the easement agreement from Ted Barnes for Jeff Jensen. He had also talked to Mr. Barnes about the proposal from Tarver to divide his lots and transfer density. From a legal standpoint, Mr. Barnes was not too comfortable with that proposal. Mr. Cylvick recalled that Mr. Tarver has a 38 acre lot that is zoned 1 per 40. The zoning allows one main residence, a 1,000 square foot guest house, and outbuildings. Mr. Tarver would like to break his property into four acre lots and put them all down towards the west end of his property. He noted that none of the shareholders he spoke with are happy about Mr. Tarver doing that. Mr. Cylvick stated that Ted Barnes had suggested that the Board defer their decision until the Homeowners make their decision. It appears to be more of an issue with the Homeowners and Mr. Barnes advised the Board to let it run its course. Mr. Anderson felt it would be easy to say that the Board cannot approve anything until the Homeowners make their decision, since that is typically the policy they follow anyway.

For the Board members who were not at the previous meeting, Mr. Cylvick recounted that Mr. Tarver had presented his proposal to the Board as a stand alone project and that the density transfer would not affect McAllister. Mr. Cylvick pointed out that allowing this density transfer would set a precedent and the potential for a lawsuit if they approve one person and deny someone else. Mr. Anderson stated that the current precedent is to annex one lot at a time. If Mr. Tarver wants to annex his property as one large lot, the Board could consider it. He believed the issue comes with subdividing the property.

Cal Cragun stated that he had several conversation with Workman's Compensation and there is nothing they can do to lower the premium because it is all based on salary. Implementing a drug policy is not a factor for reducing the base rate.

Mr. Cragun reported on three wire transfers he had made. One was on 6/29/07 for \$50,000; one on 7/13/07 for \$50,000; and one on 7/19/07 for \$25,000. Mr. Cylvick recalled that the wire transfer in June was to help Jed.

Mr. Cragun presented the form he had prepared for road repairs. Mr. Cylvick agreed that it was adequate for what they were trying to accomplish. Mr. Blonquist suggested that Mr. Cragun forward it to Jim Wilson or Scott Boyle so they can fill it out and send it back to the Board for approval. Mr. Cragun asked Carol to call him with addresses for Scott Boyle and Jim Wilson. Mr. Blonquist stated that Mr. Cragun could also send it to the Homeowner Association Board. They can identify the roads they think are necessary and the Water Company can go from there.

Mr. Cragun stated that Hunt Electric has a place close by and he asked if Mr. Blonquist had ever looked into using him as an electrician. Mr. Blonquist remarked that Hunt Electric is good for residential but when it comes to pumps and other things he was unsure if they had the right experience.

Mr. Cragun suggested that the Homeowners post phone numbers for the local residents on the website in cases of emergency and fire. That way, if there is a fire, everyone will know where to find phone numbers to call.

Regarding the thistle, Mr. Cragun noted that on Saturday, August 2nd he has twelve scouts coming up and 6 ATV's committed. If the Homeowners will not buy the poison, he will buy it personally and the scouts will go around and hit as many roads as they can that day. He invited anyone else to help if they have the time. They could also use extra garden sprayers. Mr. Anderson noted that Hutch had used a less toxic spray and suggested that Mr. Cragun call him before purchasing anything.

Mr. Cragun asked if he could put a sign at the bottom indicating that there are sprayers on the road and that people should drive careful. Mr. Anderson suggested that Mr. Cragun talk to the homeowners since some people are concerned about what gets sprayed on their properties. Mr. Cragun clarified that he is only spraying the main road and not individual properties. He believes the thistle is being carried to the other roads on car tires.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:35 p.m.

Minutes Approved

Date