

PINE MEADOW MUTUAL WATER COMPANY
BOARD OF TRUSTEES MEETING

THURSDAY, JULY 10, 2008

SUMMIT COUNTY, UTAH

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

Ex Officio: Brody Blonquist, Trevor Townsend

Eric Anderson was expected to arrive late.

Eric Cylvick called the meeting to order at 6:34 p.m.

Minutes

MOTION: Cal Cragun moved to APPROVE the minutes of June 26, 2008 as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Financial

The Board reviewed the profit and loss/budget versus actual. Eric Cylvick noted that 87% of the assessments had been collected. He knew of one annexation fee they would be getting in the amount of \$11,000. He also expected another impact fee and hookup fee from a property owner on Bull Moose.

Mr. Blonquist asked if Mr. Cylvick had talked to Kay Mitchell, Lot PI-E-97, regarding his request at the last meeting. Mr. Cylvick stated that he had left a message on his cell phone; but he had not talked to him personally. He recalled that the hook up fee would be approximately \$1200 dollars. The Board had decided to waive the impact fee.

Mr. Cylvick noted that they were 2000% over budget on license and permits. The seasonal payroll with expenses was 102% because they brought Cole back. Mr. Blonquist reported that Cole had quit and they hired Antonio Carrena. Mr. Cylvick commented on the significant increase in property taxes that was not anticipated in the budget.

MOTION: Eric Cylvick made a motion to APPROVE the profit and loss/budget versus actual for July 10, 2008. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Cal Cragun pointed out that \$125,000 was moved from Brighton Bank to Zion Bank. Zions Bank pays 2.79% interest. Mr. Cragun asked if the \$125,000 came out of the money market and Mr. Cragun replied that this was correct.

Eric Anderson joined the meeting.

MOTION: Eric Cylvick made a motion to APPROVE the balance sheet dated July 10, 2008. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. Banner Life was for a life insurance policy. Delco Western in the amount of \$343 was to trouble shoot the OCD valve and \$3,143 was also for Delco. The Duracrete bill was for the vault on Grandview. Ferguson Enterprise was for odds and ends parts. Geary Construction was for sand and gravel for the project. IDexx Laboratories was for the water samples. KGC Associates is for Carol's services. Mountain States Water Works still showed a \$7,000 credit. Brody stated that they had ordered 12 inch pipe. The Park Record was the ad for the shop. Rocky Mountain Power was the typical monthly bill. Sinclair Fleet was for fuel. USA Blue Book was for sign stands and double end open wrenches. The Utah State Tax Commission was the registration on the Ford. Verizon Wireless was the typical monthly bill.

Mr. Cylvick wanted to know which bills they could defer to the project. Brody replied that Duracrete, Ferguson Enterprise, Geary Construction, Mountain States Water Works, the Park Record, Sinclair Fleet and USA Blue Book could all be charged to the project.

MOTION: Eric Anderson made a motion to APPROVE the unpaid bills for July 10, 2008.

Bill George seconded the motion.

VOTE: The motion passed unanimously.

Managers Report

Brody reported that the pipeline was started on Monday and the tie-in went well. Eric Anderson clarified that the size of the line is being increased from 6 inches to 12 inches. Brody replied that this was correct.

Brody reported that over the Fourth of July weekend a PRV went down on Elk Road. After many days and late hours they fixed it and were able to figure out the problem to keep it from happening again.

Brody expected to hear from the Division of Drinking Water Board the next day as to whether or not the loan could be used to pay for the shop. He spoke with Karen Tatum with the Division of Drinking Water and she has heard positive comments. Brody stated that he should have a building permit tomorrow and Ms. Tatum had recommended that the Board choose a contractor this evening so they can be ready to start if approved. They have obtained four bids on the shop. One bid was extremely low. A second bid was from Slivers Inc. for \$172,000; the third bid was from BDH Construction for \$190,000; and the fourth bid was \$250,000 without the truss package. Brody suggested that they choose between Slivers and BDH Construction. He is a personal friend of the general contractor of Slivers Inc. and he had suggested that they consider radiant heat in the ceiling versus forced air. Radiant heat would add \$1200 to the \$172,000 bid.

Eric Cylvick asked if they are required to go with the lowest bid. Brody stated that he had asked Karen Tatum and he did not believe they needed to award the lowest bid. Brody noted that the bid from BDH Construction was submitted early in May and the cost of materials may have increased since then. Eric Cylvick suggested that they award the contract on the \$172,000 bid, particularly since Brody knows the general contractor. Brody pointed out that \$172,000 is a hard bid without contingencies for going over bid.

In terms of the loan, Cal Cragun wanted to know how they would track the work Brody and Trevor will be doing on the shop, such as the excavation. Eric Cylvick replied that Brody and Trevor should keep track of their hours.

Brody remarked that if the excavation can be completed by next week, Slivers would have the concrete workers up there the following week.

Eric Anderson asked if an attorney should look over the bid before the Board makes a decision. Eric Cylvick stated that an attorney should look over the final contract but the Board can award the bid prior to attorney review. Brody noted that Ms. Tatum had advised them to add "pending on a decision by the DDW Board" to any decision they make this evening.

MOTION: Eric Cylvick made a motion to award the contract to build the Tollgate Water Shed to Slivers Inc., in the amount of \$172,548; contingent on receiving approval from the Division of Drinking Water on Friday, July 11th, and contingent on a contract from Slivers Inc. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Eric Cylvick explained why the shop is outside the scope of the original loan and why they need approval from the DDW. The loan was written for improvement on the distribution system, which includes storage and lines. It does not include scrubbing out the well. Karen Tatum told him that loans are now being written for water system improvements to broaden the scope. Because of how the original loan was written for Pine

Meadow, she is going to explain their case to the Board and request approval to build the shop. Ms. Tatum told him that the shop and the electrical work in the pump houses would probably be approved but she was unsure about scrubbing the well. Mr. Cylvick thought he could talk her into going back to the Board to request that approval as well.

Miscellaneous Business

Eric Cylvick reported that Joel Dunning, Lot G34, was coming in late that evening and wanted to meet with Brody and another Board member either the next day or over the weekend. Mr. Cylvick preferred to meet the next day. Bill George offered to meet with them if they could arrange a time before noon. Mr. Cylvick stated that he would try to set up a meeting between 8:00 and 8:30 a.m. the next day.

Eric Cylvick stated that the Board should plan on purchasing road base. Brody did not think they would need much road base because most of the roads are being taken down to the natural grade. Mr. Cylvick felt they should be prepared to spend some money on road base.

Dan Heath needed to find out for sure but he believed the Homeowners Association had approved paying off the Water Company.

Mr. Cylvick asked the Board to consider spending money to fence and re-vegetate the staging area that was flattened out for the water tank. This would be a shared cost with the Homeowners Association.

Cal Cragun reported that he had moved \$50,000 on June 30th and \$75,000 today from the money market to the checking account. Mr. Cragun stated that the money would be used to pay bills and to increase the amount in the checking account. Carol had told him that an auditor was looking at their books and it would look better to have \$75,000 in the checking account as opposed to minus \$48.

Mr. Cragun stated that the cabin owner on Lot 89 on Tollgate complained that for the third year in a row the dirt from grading the road was pushed on to his meter, which is right on the road. Mr. Cragun had offered to report his complaint to the Board. Eric Cylvick suggested that they consider moving the water meter. Brody stated that he would look into it.

Brody submitted the bill from J.E. Excavating, which he had forgotten when he presented the unpaid bills. He noted that equipment and labor was \$22,815 and the equipment and trucking was \$6,350. Mr. Cragun stated that this bill was the primary reason for moving \$75,000 into the checking account today.

MOTION: Cal Cragun made a motion to pay the remaining bills for J.E. Excavating in the amount of \$22,815 for machine time and \$6,350 for the truck and sand. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Brody and Trevor left the meeting.

Based on a conversation at the last meeting regarding cost of living raises for Brody and Trevor, Cal Cragun presented a salary history from when Brody started in 2002 to date. He noted that Brody has not been given a raise since the project started. Mr. Cragun also indicated the mileage reimbursement paid, as well as Brody's health insurance and retirement program. Mr. Cragun pointed out that Trevor has not received a raise since he started; however, he has received added insurance benefits and a bonus. Mr. Cragun asked if they should continue with bonuses or give that money in the form of a raise.

Eric Cylvick stated that Brody is doing a great job managing the project and he thought they should give him a cost of living increase. He noted that last year Brody made \$53,000 in salary plus a \$6,000 bonus. Mr. Cylvick believed Brody was close to being paid average salary for water managers. Mr. Cragun remarked that Brody's salary is actually in the top level for water managers. His mileage reimbursement would automatically increase based on the new IRS rate. Eric Anderson remarked that a reimbursement is separate from salary and that Brody should at least get a cost of living raise.

Eric Cylvick thought Trevor needed a salary increase overall. The Board agreed.

Mr. Anderson stated that since Brody and Trevor have not had a cost of living increase for three years and that should be a factor in their decision. Eric Cylvick suggested a 5% increase for Brody and 10% for Trevor. Mr. Anderson was more comfortable with 6% and 8%. Mr. Anderson felt it was appropriate to talk to Brody about Trevor's increase. The Board discussed the percentage differences and the reasons why Trevor should receive more. Dan Heath remarked that the percentage difference in the cost of living raise could be put into Brody's bonus at the end of the year. Eric Cylvick would explain this to Brody. The cost of living increase would start for the next pay period.

MOTION: Eric Cylvick made a motion to increase Brody Blonquist's wage by 6% and to increase Trevor Townsend's wage by 10%, effective on the next pay period. The mileage reimbursement will increase based on the IRS rate of 58 cents per mile effective July 1, 2008. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:32 p.m.

Minutes Approved _____

Date _____