

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, DECEMBER 10, 2009

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Bill George, - Board members; Dan Heath, HOA representative

Ex Officio: Brody Blonquist–Water System Manager; Trevor Townsend

Brian Zelch was excused.

Guest: Rick and Marsha Sickelsmith, Forest Meadow property owners.

Eric Cylvick called the meeting to order at 6:25 p.m.

Minutes - November 11, 2009

MOTION: Eric Cylvick moved to APPROVE the minutes of the Board of Trustees meeting and the annual meeting from November 11, 2009 as written. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual and noted that they had done well on the water assessments. The impact fees were lower than expected.

Mr. Cylvick asked Carol to contact him about removing the well stubbing and engineering for the project off the profit and loss and adding it to the project.

MOTION: Eric Cylvick moved to ACCEPT the profit and loss/budget versus actual, dated December 10, 2009. Bill George seconded the motion.

VOTE: The motion passed unanimously,

The Board reviewed the balance sheet. Mr. Cylvick noted that there was approximately \$192,000 in the accounts. Mr. Cragun stated that \$52,000 would be transferred. He reported that \$2,000 was received from collections.

Mr. Cylvick noted that current assets were \$95,000 and fixed assets were \$269,000. The total water system was \$5,610,062.66. That number was up \$2 million from last year.

Mr. Cragun asked Carol to clarify the \$1 million of accumulated depreciation. Mr. Cylvick pointed out that the change was less than \$300,000 and he believed that \$1 million included the \$705,000.

Mr. Cragun reported that the loan is being negotiated to a lower payment. He was unsure of all the details, but Carol was working with the Division of Drinking Water on a payment reduction.

Brody Blonquist understood from Carol that the DDW wanted the Water Company to keep the loan open, similar to a line of credit. Therefore, if they needed to use the unused portion of the loan in the future, the money would be available. Mr. Cylvick commented on areas where the additional money could be used.

MOTION: Cal Cragun moved to ACCEPT the balance sheet as presented. Bill George seconded the motion.

VOTE: The motion passed unanimously.

PUBLIC INPUT

Rick Sickelsmith stated that he was before the Board this evening to dispute their water bill. He noted that Carol and Brody have been very helpful. Rick explained that they are part-time residents and spend most of their summer weekends on the lot in Forest Meadows. He stated that in 2007 they were charged for 9,000 gallons, which is standard usage. However, last year, the usage went from 9,000 gallons to over 80,000 gallons. At that time Carol had suggested that they pay their basic assessment of \$650, and put the remainder in dispute pending another reading. Rick stated that they paid the \$650 but heard nothing after that. A few months ago they received another bill saying that the 80,000 gallons was an accurate reading and that the balance had accrued fees and penalties. Rick remarked that it did not make sense that part-time residents could use that much water and he talked with Brody to find out how that could have happened. They never found a leak and the latest reading shows that they had used 8,000 gallons in 2009. He felt that reading supported the fact that the excessive usage was not caused by a leak. Rick pointed out that based on the number of days they used their property in 2008, they would have had to use 3,000 gallons per day to reach 80,000 gallons.

Rick commented on the amount of construction that has occurred around his property and suggested the possibility that water lines may have been broken, which could have caused leaks that affected his meter. He understood that the Board could grant a one-time reduction and the fees and penalties could be waived. Rick reported that Carol had suggested he send a \$500 good-faith payment, which he did.

Brody stated that he has spoken with Rick numerous times and the usage was only excessive for that one year. Their usage was approximately 8,000 gallons prior to and since that time.

Brody explained that when the houses were built in that area, power and water were done at the same time and easements were granted between properties. He believed that it was possible that the water line could have been broken by a contractor and repaired; and that the water ran through Rick's meter until it was repaired.

Mr. Cylvick was willing to grant a one-time reduction, and suggested that Rick turn off his meter whenever he leaves his property to make sure problems would not occur again.

MOTION: Mr. Cylvick made a motion to grant a one-time reduction and to waive the late fees and finance charges. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Mr. Blonquist reviewed the unpaid bills. All West Communication was the bill for his internet at home for when he does Water Company business. Apco Inc. was the bill for work done at Contact Well. The charges included labor and work with the history trainer. The bill from Catapulsion was the internet bill for the shop and for Trevor when he does Water Company business at home. Clyde, Snow, and Swensen were attorney fees. The \$14,062 for Delco Western was for the gas chlorinator at Bobcat. The \$2,012.02 for Delco Western was a pump that was purchased for the Contact Well. Both of the Delco charges would go on the loan. The bill from HD Supply Water Works was for 3 radio read meters. KGC Associates was for Carol's services. Mountain States Water Works was still showing a credit. Rocky Mountain Power was the typical monthly bill. Rural Water Association of Utah was the yearly fee. Sinclair Fleet was for fuel. Brody noted that Suburban Propane had filled the tank again, which is why they were billed. He would try to discontinue business with Suburban Propane in the Spring. Verizon Wireless was the typical monthly bill. The bill from Weber Basin Water was for water rights.

Brody presented a bill from Pine Meadow Ranch in the amount of \$1,298.48 for a culvert that was installed on Alexander. The culvert was dug through by the Water Company when the water line was installed. Without prior knowledge, Pine Meadow Ranch went back this year and put in a new culvert. They believed that the Water Company should pay the costs. Brody explained that the original agreement between the Water Company, Whiskey and Scott Boyle was that Whiskey was to mark every culvert he could see. If he could not see a culvert and the Water Company dug through it, the Water Company would not be responsible because it was considered an abandoned culvert. Brody stated that another agreement was that if the Water Company dug through the culvert, they were to contact Whiskey to let him know what happened, which they

did. Whiskey told them to backfill the culvert because there was another culvert there. Brody pointed out that apparently there was not another culvert because the road was washing out. He wanted the Board to know the facts before making their decision. Brody stated that in his opinion, the responsibility should be on Whiskey and Scott Boyle because they had made the decision for Whiskey to mark all the culverts. Brody agreed that the Water Company dug through the culverts, but he had contacted Whiskey to let him know and Whiskey told him it was not a problem.

Mr. Cylvick wanted to know the price of the culvert without labor. Brody was unsure and estimated \$800-\$900. He offered to call Carol for the exact amount. Mr. Cylvick stated that based on the total bill, if the culvert was \$800 the cost to install it was approximately \$500. He pointed out that the disputed amount was \$500. He asked if Jody Robinson, the Ranch Manager, understood the agreement that if there is a problem, the Water Company would replace the culvert and the Ranch could use their equipment to install it. Brody replied that Jody is aware of the agreement.

After further discussion, Mr. Cragun questioned whether it was worth the fight and suggested that the Water Company consider paying for the culvert. Brody remarked that if the Board chooses to take responsibility, they should pay for the culvert but not the cost to install it.

Mr. Cylvick directed Carol to put a hold on paying the \$1,298 bill for the culvert until he speaks with Hutch Foster. He asked Carol to provide him with the cost of the culvert only. Mr. Cylvick understood that the Board was willing to pay the cost of the culvert but not the cost to install it.

MOTION: Eric Cylvick made a motion to pay all of the unpaid bills dated December 10, 2009, excluding the bill from Pine Meadow Ranch in the amount of \$1,298.48. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Correspondence

Mr. Cylvick stated that he spoke with Gaylene and she believes her meter is still giving an incorrect reading. She has requested that the Board average her bill over the last three years. Brody stated that he, Trevor and Larry tested her meter and it proved that the number of gallons had run through it. He offered to send the meter back with Billy and have it tested. Brody believed the meter was accurate.

Mr. Cylvick instructed Carol to leave their bill as is with the over usage and allow Gaylene the opportunity to request a one-time reduction. The Board was not interested in averaging the last three years. The property owner could also pay to have the meter pulled out and tested in Salt Lake. The Board concurred with that decision. Brody pointed out that the bylaws state that once a meter is tested, if it is within 3% or less, the meter is proven accurate.

Mr. Cylvick read correspondence from Carol indicating that she had spoken with the DDW regarding the loan. He understood that the DDW was now requesting that they close out the loan. Mr. Cragun believed that the intent was to close out the loan at the end of the month, however, the DDW has requested that the loan be kept open. Mr. Cylvick felt they should keep the loan open, as long as there is no additional cost to the Water Company. Mr. Cragun was unsure as to why DDW was negotiating a lower payment and suggested that Mr. Cylvick contact Carol. Brody understood from Carol that the DDW had made an error. Pine Meadow is the first water company to apply for a loan and not use all the money. Therefore, the DDW is unsure of what to do with the money or how to put it back in the system.

The Board concurred that they should keep the loan open.

Mr. Cylvick read correspondence from Carol requesting that she be allowed to pay the customary monthly bills prior to their meeting to avoid late fees, since the Board only meets once a month. Mr. Cylvick authorized Carol to pay those bills.

MOTION: Eric Cylvick made a motion to authorize Carol to pay monthly bills when necessary to avoid late fees. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick read correspondence regarding the well. Eric was anxious to start work on the well and stated that he would talk with Bill Laughlin.

Manager's Report

Brody reported that there were three frost plate breaks that cost a lot of gallons and man hours. Fortunately, they found both of them. The first was called in by someone who was driving around and saw it. It was on Joe Rush's vacant lot and he was unsure why the meter was turned on. The second was on James Williams' lot on C20. A third was on Running Deer that Mike Coon found and shut off. Brody asked the Board if the Water Company could charge for that. He read in the bylaws that the Water Company owns the meter and is responsible for it. However, the bylaws also states that negligence or similar actions would be incurred upon the shareholder. He believed it was negligence if a shareholder leaves the meter turned on in sub-below temperatures without insulation.

Brody reported that over 100,000 gallons in water was lost from one frost plate. It took he and Trevor from Friday night to Tuesday to find the leak through a process of elimination. He noted that the power used to pump that much water was also significant.

Brody thought the Board should do something to those who are negligent and cause problems that create an expense for the Water Company. Mr. Cylvick explained that the Water Company has no way to accurately record the water usage, so they could not

charge the owner for water. They could consider imposing a fee, but that action would need to be voted on by the shareholders.

Brody pointed out that if the leaks had not been found, they would have been out of water by the 2nd week in January and that affects all the shareholders. He and Trevor enjoy finding and fixing the leaks, but the problem is the overall cost and the number of people affected.

The Board discussed plans for detecting leaks and their location.

Mr. Cylvick asked Brody to have Dave Denning post something on the website regarding this issue. He suggested the possibility of sending mailers and having the shareholders vote this winter, as opposed to waiting until the next annual meeting. The website should say that a fine would be imposed if the water is left on and the meter is not insulated, or if the frost plate breaks and the water was left on. Cal Cragun suggested a \$500 fine.

Brody wanted the shareholders to understand that the Water Company is serious about turning off the water. Mr. Cylvick asked Brody to talk to Carol regarding the best way to inform the shareholders.

Brody stated that he spoke with Carol to see if the Water Company could set up their website similar to the HOA. This would enable people to sign up for email alerts when breaks occur.

Brody reported that he and Eric have talked about doing the I-Plat line from Elk Road to I-Plat. He believed that line was engineered in the past and it was determined that they could get pressure to I-Plat. Brody stated that in addition to providing fire flow, it would reduce the pressure at the bottom of Pine Meadow Drive. He assumed the pressure would go from 280 pounds to 100 pounds, which would be a major benefit.

Mr. Cylvick stated that he and Brody would discuss the numbers and see what materials they have on hand and what they would need to purchase. He suggested that the Water Company could use their time and equipment as in-kind dollars and the homeowners could pay the balance.

Mr. Cragun asked Carol to email the Board with the date of their next meeting.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:45 p.m.

Minutes Approved