

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, FEBRUARY 11, 2010

SUMMIT COUNTY, UTAH

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

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

Eric Cylvick was excused.

Cal Cragun called the meeting to order at 6:30 p.m.

Minutes - January 10, 2010

MOTION: Cal Cragun moved to APPROVE the minutes of January 10, 2010 as written.
Bill George seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. The bill from All West Communications was internet service at his home for Water Company Business. The Catapultion bill was for internet service at the shop and internet service a Trevor Townsend's home for Water Company business. The Clyde, Snow, Sessions bill was for legal services. The bill from Ferguson Enterprise was for air supply piping around the shop. The Immersion Development bill was for internet fees. KGC was Carol's services. Loughlin Water was the bill for well work at Salt Box and putting together bid documents. Mountain States Water Works still showed a credit. The bill from Revenue Recovery was the collection agency fee. Rocky Mountain Power and Sinclair Fleet were typical monthly charges. The bill from Summit County Public Health was for sample testing. Utah State Division of Finance was for the loan. The Verizon Wireless bill was for cell phones.

MOTION: Cal Cragun made a motion to pay all of the unpaid bills dated February 11, 2010 as presented. Brian Zelch seconded the motion.

VOTE: The motion passed unanimously.

Asked about the water testing by Summit County Public Health. Mr. Blonquist explained that Summit County only tests for bacteria. Chem-Tech tests for chemicals, hard water, etc.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. George asked if the numbers reflected fees that had been collected for the current month. Mr. Cragun noted that Carol has indicated that 90% of the money collected to date were from credit cards. Mr. Blonquist pointed out that the metered water assessment already collected for 2010 was \$156,000. Mr. Cragun stated that Carol was still trying to find a bank with a lower credit card fee.

Mr. Zelch asked about the automobile expense. Mr. Blonquist believed it was the yearly insurance premium. Mr. George asked if the fuel for the equipment was delivered. Mr. Blonquist replied that is it not delivered.

MOTION: Cal Cragun made a motion to ACCEPT the profit and loss/budget versus actual as presented. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. George asked if they were earning interest on the savings and checking account balances. Mr. Cragun answered no and suggested that some of that money be transferred to the money market. He recommended transferring at least \$50,000 and he would contact Carol to see if that amount could be increased.

Mr. George asked if the Treasury Stock under Equity was from the lots that were foreclosed. Mr. Cragun replied that this was correct. Mr. George wanted to know how those lots were evaluated. Mr. Cragun replied that it was a set figure but he could not recall how it was calculated.

MOTION: Cal Cragun moved to ACCEPT the balance sheet as presented. Brian Zelch seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Mr. Blonquist reported that the water system was running great. One customer is without water on Bull Moose due to a frozen PRV. Brody worked out an agreement with the owners to provide them with water until the problem could be fixed. This Spring they could look at options that would help avoid future problems. One option is to eliminate that PRV because there is another one a hundred yards above it. If he finds that they cannot do away with that PRV, they could wrap a concrete blanket around the PRV in the Fall. Mr. Blonquist noted that the PRV has frozen twice. After the first year they

cleaned it out and it worked fine for two years. They thought the problem was fixed until it occurred again this year. Mr. Blonquist thought some of the problem resulted from the roads being plowed. No one outside of the water industry understands that snow on the roads provides insulation for the water lines.

Mr. Blonquist reported that the digital meters were read in January and they were able to read those meters 60 feet away, even though some had snow on top. Mr. Blonquist felt the most impressive feature of the meter is the alarm. While they were reading the meters, one meter sent out an alarm indicating that it had been on for 24 hours. They were able to contact the owner and found that she had a leaking toilet. He commented on the benefits of having the ability to catch a problem quickly. Mr. Blonquist stated that he and Eric Cylvick decided to order all the reading equipment for the meters for a cost of \$3,000. The next step is to find a way to convince the customers to purchase one. He recalled that the meters were \$275 to purchase, but the Water Company would charge \$350 to cover the cost of installation.

Mr. Cragun suggested that they calculate the cost saved on water usage because the alarm sounded on the leaking toilet, and use that as an example of a benefit for having these meters.

Mr. Blonquist stated that this summer he would like to offer a service where the customer can make an appointment with he and Trevor to watch their meter for ten or fifteen minutes to see if their meter is working properly. Catching a problem early would be cost saving for the Water Company and the entire Ranch. Mr. Blonquist remarked that the Water Company could offer to read the meters more often than once a year as an incentive for purchasing a new meter. Mr. Blonquist offered to demonstrate the capabilities of the meters after the meeting.

Mr. George wanted to know how soon the new meters could be installed. Mr. Blonquist replied that the meters could be installed as soon as the snow melts. If they start to become over-burdened, they would need to devise a first come, first served system.

Mr. George asked if anyone knew the cost of delivering one gallon of water. Mr. Blonquist stated that they pay approximately \$120 for each pump house per month. Currently they have 10 pumping stations that supply approximately 480 connections. Mr. George clarified that he was trying to figure out what it costs the Water Company to have water come out of the ground and delivered. Mr. Blonquist stated that pumping is expensive and every customer pays when one person has a leak. Mr. Cragun felt the Water Company should provide that explanation in the newsletter.

Mr. Blonquist was confident that the full-time residents would be interested in purchasing a meter. The part-time residents may find the meter unnecessary for the limited time they spend on their property.

Mr. Blonquist provided an update on the well at Salt Box. He noted that the well is up and running and the bid packages are being put together based on Dave Dillman's rec-

ommendation. Mr. Blonquist had the books available if the Board members were interested in reading them. The books are big and thick and talk about all the wells on the Ranch. He stated that Mr. Dillman recommended that they start with Salt Box and drill within 1,000 to 1500 feet.

Mr. Cragun asked if it was determined whether or not they could leave the casing. Mr. Blonquist stated that at this point it does not look like they can leave the casing. The well was drilled in the early 1970's and super thin pipe was used. If they keep the casing now they would eventually end up spending more money in five or ten years as the pipe deteriorates. If they start with new casing, the well will be new and would last longer.

Mr. Blonquist noted that the project must be posted for bid in the newspaper for three weeks. Unfortunately, they must take the lowest bid. In today's economy, Mr. Blonquist was concerned that the lowest bidder could be someone from out-of-state who is more interested in finishing the job quickly. He commented on the problems that occur if a well is drilled too fast. Mr. Cragun asked if it was possible to include stipulations. Mr. Blonquist replied that the bid package would specify a May start date. If the project is not started by the specified date, a charge would be incurred for each day thereafter until the project is started.

Dan Heath asked about a completion bond. Mr. Blonquist stated that you can only obtain a completion bond on certain aspects of the well. He noted that the bid would also specify a completion date. The bidder would be given an adequate amount of time to complete the project and a penalty would be imposed for each day beyond that date that the project is not completed.

Mr. Blonquist stated that he preferred to use a local bidder in case there were problems with the well or it needed repair. They would not call an out-of-state company for repairs and an in-state company would be unfamiliar with the well if they had not drilled it.

Mr. Blonquist noted that the bids must be posted in a local paper where the water system is located. The local papers for Pine Meadow would be the Park Record and the Summit County Bee.

Mr. Blonquist stated that if Salt Box produces he would like to discontinue using Bob Cat Springs. He does not like to use man made springs because they do not clean themselves out. Mr. Blonquist pointed out that Bob Cat Springs is shut off during the Spring anyway because the high flow picks up all the contaminates in the ground.

HOA Report

Dan Heath had nothing to report from the homeowners.

On a personal matter, Mr. Heath reported that two toilets ran consistently at the FM-A-1 house. Therefore, an excessive amount of water ran through his meter. He wanted the Board to be aware of the situation and requested a one-time reduction on his bill.

Mr. Blonquist suggested that Mr. Heath read his meter monthly to make sure this does not occur again.

MOTION: Bill George made a motion to allow Dan Heath a one-time reduction on his water bill. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously. Dan Heath abstained from the vote.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:15 p.m.

Minutes Approved