

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, AUGUST 12, 2010

PINE MEADOW RANCH

SUMMIT COUNTY, UTAH

Board Members in Attendance: Cal Cragun, Bill George, Hutch Foster - Board members Eric Cylvick participated via telephone.

Ex Officio: Brody Blonquist, Trevor Townsend

Brian Zelch was excused.

Cal Cragun called the meeting to order at 6:35 p.m.

**Minutes**

MOTION: Bill George moved to APPROVE the minutes of July 15, 2010 as written. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously. Eric Cylvick abstained.

**Unpaid Bills**

Brody Blonquist reviewed the unpaid bills. He noted that the bills were similar to previous months. The only addition was Humpty-Dumpster in the amount of \$285 to deliver a dumpster. The invoice from KGC Associates was \$2,283.24. There were two invoices from Regence Blue Cross/Blue Shield for \$2,090 and \$10.70. Sinclair Fleet was \$99. The Utah State Division of Finance was \$15,000. Verizon Wireless was \$23.52.

Eric Cylvick asked about the Blue Cross/Blue Shield bill. Brody stated that the amount was \$2,090, but he did not have the account detail itemizing the charges. Mr. Cragun replied that it was for health insurance.

MOTION: Eric Cylvick made a motion to approve the unpaid bills. Cal Cragun seconded the motion.

**Financials**

Brody pointed out that the financials were straightforward. The standby water assessments were 90% of budget. Everything else was where it should be this time of year.

Mr. Cylvick stated that all the names and the surveys were completed for I-Plat, however, they did hit a stumbling block that needed to be resolved before they could move forward.

Mr. Cylvick reported that he had spoken with Thomas Brodrick an hour earlier and Mr. Brodrick and his wife were very willing to let them drill on their property. If the Water Company wanted to consider a location on any of his properties, he would allow them that ability. In return, Mr. Brodrick was asking for two water shares and that the Water Company waive the application fee and the water impact fees for future building. Mr. Cylvick had spoken with Ted Barnes and asked him to include those terms in the draft agreement. Once that is done Mr. Cylvick would email a copy to all the Board members and fax it to Thomas Brodrick for his approval. Mr. Cylvick expected to have that agreement by next week.

Brody noted that prior to this meeting he had emailed Mr. Cylvick a summary of other items related to this same issue. He suggested that Mr. Cylvick read the email before he moves forward. Brody was concerned that if the Water Company drills and does not find water, they would still be liable to provide Mr. Brodrick with two water shares. Mr. Cylvick pointed out that the way he set up the agreement, it would only be valid if they find water.

Mr. Cylvick requested Board approval to move forward with the terms proposed and the agreement with Mr. Brodrick. He also suggested that they approve drilling the test well. He noted that Bill Loughlin was working towards getting variances and waivers on some of the State requirements.

MOTION: Eric Cylvick made a motion to move forward with drilling the well and the agreement with Mr. Brodrick, with a not to exceed amount of \$135,000. That amount should cover the related expenses. Bill George seconded the motion.

Brody clarified that the location is on Thomas Brodrick's property, approximately 2,000 feet south of Tollgate well. Mr. Cylvick stated that he would send all the Board members the map.

VOTE: The motion passed unanimously.

Eric Cylvick cast his vote in favor of approving the profit and loss and the balance sheet when the Board completes their review and makes the motion.

**Eric Cylvick disconnected and was no longer a participant.**

The Board reviewed the profit and loss. Mr. Cragun noted that they were significantly over budget on vehicle equipment. Brody replied that it was due to the crane that was purchased. He believed that expense went into the loan. Trevor pointed out that the assessments were 100% of what was budgeted.

MOTION: Cal Cragun moved to ACCEPT the profit and loss as presented. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cragun noted that the interest on the money market had dropped to .75. He pointed out that many organizations give businesses less percentage than individuals. Mr. George referred to the snowmobile for \$7500. Brody replied that it was for two snowmobiles. Mr. George how old they are. Brody stated that one is a 2001 and the second one is a 2003. Mr. Cragun noted that the pre-paid insurance for Trevor and Brody was a one-time payment. He thought the balance sheet showed it as a monthly payment and asked Carol to let them know. Brody remarked that he had spent his share of the pre-paid insurance because of medical issues with his son. Mr. Cragun asked Carol to make another deposit into the account.

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

VOTE: The motion passed unanimously.

Cal Cragun tabled the problem with Mr. Jackson until Eric Cylvick returns and re-searches the legal aspects with the attorney.

### **Manager's Report**

Brody reported that the plan is to drill a well in the same location they were going to drill the first time, which is in the turnaround down Tollgate Canyon just before the rock driveway. It is on Thomas Brodrick's property. Mr. Cylvick has been in contact with Mr. Brodrick and in return for drilling on his property, he only wants the two impact fees waived for future water on that property. Mr. Cylvick believed those were sufficient terms to allow them to drill a well on his property. He clarified that this was the reason why Eric Cylvick had made the motion to move ahead.

Brody stated that Bill Loughlin was drawing a design for the upper portion of the well. He noted that Utah Water requires a 100 feet of surface seal to seal off for possible contaminations. If they drill and hit clay, they have to be able to secure a 100 foot radius. Brody remarked that the 100 foot radius goes across the road on to someone else's property. The Water Company does not want to obtain an easement from that property owner and have to tell him that they need it for water protection. Brody stated that if they drill through clay and shore up the surface seal, they should be able to get a variance from the State because clay does not allow anything to penetrate. Therefore, they may be able to narrow the radius to a 40 foot circumference, which would stay within the boundary and not cross the road.

Brody stated that Eric Cylvick is working with Bill Loughlin to draw up a proposal for the State to see if they can work with certain variances, depending on what they drill through. Currently they can do a provisional drill permit, which gives them the rights to drill a test hole. It does not give rights to take water out of the well or rights to use the water. If they start drilling and hit water and decide the well is usable, it will take 2-3 weeks to move the water rights and everything else down to that well location. For now the Water Company would only apply for a provisional permit to see what kind of water is down there.

Brody commented on the easement needed to take care of the I-Plat problem. He explained that there is an environmental protection zone and the Division of Wildlife came up to make sure they would not impact the wildlife. The problem is that it was only within the Ranch boundaries. In order to obtain the easement they would need a new environmental protection impact study which takes 90 days to complete. The Division of Drinking Water wants to close the loan by the end of October or the first of November and there is no way to complete the impact study before that time. The surveys are done and they know which properties they need to go through. The issue is when they can do it and when they will have money to do it. The groundwork is done with the exception of the written easements going out to the property owners. If they decide to do this next year, the only thing left is to have people sign over the easements to go through their property.

Brody reported that the water system is running great. He and Trevor plan to read meters the first part of September. They also plan to insulate the lines that froze last year. Brody noted that there have been a few small leaks but nothing significant.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 6:55 p.m.

---

Minutes Approved

---

Date