

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, MARCH 15, 2012

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Kelly Cox, Bill George - Board members

Ex Officio: Trevor Townsend

Excused: Brody Blonquist and Hutch Foster

Guest: Lenora Milligan, Lot FM-C-80 and SS-144-C

President Eric Cylvick called the meeting to order at 6:30 p.m.

**Minutes – February 9, 2012**

MOTION: Cal Cragun made a motion to APPROVE the minutes of February 9, 2012 as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

**Public Input**

Mr. Cylvick noted that Mr. Milligan lives on the northeast side of Bull Moose.

Ms. Milligan asked if the Board was aware of the Deer Meadows SPA proposal regarding 117 acres owned by Doug McAllister. She explained that the last time Mr. McAllister submitted a proposal he tried a density transfer, which was denied by the County. He had now submitted for an SPA, which means there needs to be a great benefit to the community and the County. Ms. Milligan had attended the work session the night before in Coalville and one of the Council members had said it was “dollars for zoning”. If Deer Meadows pays enough money to the County, the County would let them subdivide their land. Other Council members did not share that opinion, but she was still concerned that it would be approved.

Ms. Milligan clarified that the land is zoned for one unit and Mr. McAllister was requesting to subdivide into 21 lots. They propose to drill five to seven wells. Ms.

Milligan had read a letter from another person who owns 400+ acres, and if Deer Meadows clears through the County, this person wants to do the same thing. However, he would like to break his 400 acres into one acre lots because it was originally intended to be more like Deer Valley.

Ms. Milligan stated that the HOA sent a letter to the County adamantly opposing the Deer Meadows project because there is no benefit to Pine Meadow Ranch. She asked if it was appropriate for the Water Company to provide input on this type of situation. She was concerned that drilling wells could possibly drop the water table. Mr. Cragun understood that the wells that were drilled came up dry. Ms. Milligan clarified that Mr. McAllister is allowed five active wells and he intends to continue drilling until they find water. If not, they would approach the Water Company for service.

Mr. Cylvick stated that Mr. McAllister and his representatives have met with the Water Board; however, the Board had not come to any decision because the project details had not been finalized in terms of lots and the amount of water needed. Mr. Cylvick clarified that the Board had remained neutral and did not commit either way. The Water Company has a policy for annexing individual lots owners who do not subdivide, but no decisions were made for this type of subdivision.

Mr. Cylvick pointed out that it would mean significant revenue for the Water Company if Deer Meadow decides to annex. Even if they keep drilling wells, he did not believe Deer Meadows would find enough water to service the number of proposed lots. At that point, they would probably try to buy water from Pine Meadow Mutual Water Company. Trevor and Mr. Cylvick explained the infrastructure, storage and other requirements that Deer Meadow would need to meet to service the lots. Trevor stated that they would also be required to have a certified water operator for small systems. Mr. Cylvick commented on the process and costs and he did not think the numbers panned out. Ms. Milligan agreed, which was part of her concern. Once the development is done, the developers walk away and other people are left to deal with the issues.

Mr. Cylvick stated that the Board would need to have a lengthy discussion if Deer Meadows is approved. Currently, they were not in a position to make any decisions until the Tollgate well is developed and they know how much it produces. Mr. Cylvick believed it would be at least two years before the Water Company would be ready to make a decision on whether or not to service Deer Meadow.

Ms. Milligan asked about the risk of depleting the water supply of Deer Meadow drills

the number of wells required to service that many lots. She was concerned about building moratoriums due to lack of water supply. Mr. Cylvick commented on the well locations that the Water Company has drilled and the area where they were able to find water. He noted that the production on Uncle Tom's well, which technically sits on property outside the Ranch, has gone down from approximately 50 gallons per minute to 32 gallons per minute. Therefore, finding water on that side is difficult. Mr. Cylvick did not believe the wells at Deer Meadows would impact Pine Meadow Ranch.

Ms. Milligan understood that from the County Council meeting that Deer Meadows would have the right to use Uncle Tom's well. Mr. Cylvick stated that Mr. McAllister might make a claim on that well. Mr. Cylvick provided a brief history of the Deer Meadows project from many years ago and their claim to use the well. He pointed out that the LLC went defunct and the agreements the Water Company had with that LLC is not the same as the current LLC. They formed a new LLC with the same name to try and tie back to contracts and agreement that were made 30 years ago. Mr. Cylvick explained that when the Special Service District was dissolved and the Pine Meadow Mutual Water Company and the Owners Association was formed, the Water Company assumed all assets and no liabilities associated with the Special Service District. There are written documents giving Pine Meadow Mutual Water Company access and right to the water.

Ms. Milligan thanked Mr. Cylvick for the explanation because it alleviated some of her concerns. Mr. Cragun anticipated significant legal fees to defend it when the time comes.

Ms. Milligan noted that she was collecting petition signatures to submit to the County Council opposing the SPA proposal. Mr. Cylvick stated that he travels most of the time, but he was willing to meet with the County Council if they wanted him to appear, as long as the time and date could be pre-arranged to fit with his schedule.

Mr. Cox stated that if Deer Meadows would have access through Pine Meadow Roads without having to pay, he thought they should fight the development. Ms. Milligan understood that they would pay a one-time donation of \$3500 per lot for roads. In her opinion, that was not enough money. Mr. Cylvick explained that if the Water Company annexed in Deer Meadows, the annexation agreement and the bylaws require them to join the Homeowners Association, in which case they would have to pay HOA dues.

### **Unpaid Bills**

Trevor Townsend reviewed the unpaid bills. Allwest Communication and Catapulsion were for the internet. Delco Western was for Matt to come up and fix a problem that was caused by a leak in the Contact pump house. Ferguson Enterprises were parts to fix the problem in the Contact pump house. Home Depot was for valves and parts. The bill from Horrocks Engineers was engineering. Immersion Development Consulting was the website. KGC Associates was the bill for Carol's services. Mountain States Water Works still showed a credit. Select Health was the health insurance premium. Sinclair Fleet was fuel. Suburban Propane was the tank rental. Utah State Division of Finance was the monthly payment on the loan. Verizon Wireless was for cell phones. The Wasatch Wave was an ad for the well bid.

Trevor submitted an additional bill from Chesley Electric Incorporated for \$254.26. The well blew a breaker and it was discovered on a Friday and Chesley Electric came up that same day and replaced the breaker and ran wire. Matt was at a conference in St. George and it was a week and a half later before he was able to finish the pump house.

MOTION: Eric Cylvick moved to pay the unpaid bills dated March 15, 2011 in the amount of \$62,090.03; and in addition, the bill from Chesley Electric in the amount of \$254.26. Bill George seconded the motion.

VOTE: The motion passed unanimously.

### **Financials**

The Board members reviewed the profit and loss/budget versus actual. Mr. Cylvick noted that 76.8% of the total water assessments had been collected. They were over budget on the excess water for 2012.

The Board discussed the amount for equipment rental. Trevor suggested that it might be the ice melter that was purchased and Carol put it in as a rental. Mr. Cylvick asked Carol to check and see if amount under the equipment rental was the water line thawer that was purchased, and to put it on the loan.

MOTION: Bill George moved to APPROVE the profit and loss/budget versus actual as discussed. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cylvick stated that a condition of the loan requires the Water Company to have a separate debt reserve account and an escrow account. They have a money market because it has a higher yield. Mr. Cylvick indicated a checking account at Brighton Bank and a checking account at Zions Bank. Mr. Cragun explained that the loan comes through Brighton Bank. Zions Bank is the Water Company account.

Mr. Cragun suggested transferring \$50,000 of the \$100,000 in the Brighton account to the Zions account for a higher interest rate.

MOTION: Eric Cylvick moved to APPROVE the balance sheet dated March 15, 2012. Bill George seconded the motion.

VOTE: The motion passed unanimously.

### **Easement Agreements**

Mr. Cylvick reported that he had been working with the attorney, Ted Barnes, on the easement agreements with I-Plat and Thomas Broderick. Mr. Broderick signed a land use agreement and faxed it to Mr. Cylvick, but the County would not accept it because it was not the original. Mr. Cylvick was able to obtain the original agreement and had it notarized. Mr. Broderick was excited to have this move forward and he was very cooperative.

Mr. Cylvick wanted to make sure they did not run out of time because it would take time to negotiate with Rodney Roalsen, the person who owns the property where they were re-doing the I-Plat bypass. Mr. Cylvick was anxious to get the agreements signed so the project would not be delayed.

Trevor stated that Marty Selos claims to own the property at the top of the hill where the booster pump is located. He and Trevor pulled up the County map and it looks like Mr. Selos' property goes across the street and also takes up some of the Oil Well parking lot. Mr. Selos was willing to give the Water Company an easement for a pump house on the other side. Trevor explained that they would be able to build a flat building on the same side as the line without having to cross the road. They would then take out the other pump houses. Mr. Selo would send the appropriate documents to Brody. Mr. Cylvick stated that the Water Company would have a surveyor mark for the new pump house and obtain real descriptions. Ted Barnes and Dave Dillman would be involved to

make sure everything was done right.

### **Well at Aspen Ridge**

Mr. Cylvick reported on a call he received from a woman representing Aspen Ridge, who questioned a rumor regarding Pine Meadows and a well at Aspen Ridge that Axel Baski was willing to sell. Mr. Cylvick told her that Pine Meadow Water Company believes they have a legal claim to that well. She explained that the primary concern was having to pay Axel for a well that was not his. Mr. Cylvick explained that Pine Meadow Water Company applied for enough money in the new loan to drill a new well right next to that one and run a service line from there to the new pump house on Tollgate. Mr. Cragun pointed out that they needed a new well for drinkable water. That well was originally drilled by Amoco and was not up to culinary standards. Aspen Ridge can use it because they are 12 lots or less.

Mr. Cylvick did not believe the Water Company would do that project this summer, but they needed to discuss the issue and make a decision. Mr. Cylvick thought it was important to get water whenever they can. Mr. Cragun concurred.

Mr. Cylvick remarked that another project would be to revamp and replace the water line going down Uncle Tom's well. Brody and Trevor feel that the water line is in good shape and the pipe is good. High pressure is causing the problems down Pine Meadows Drive, which is the reason for the I-Plat bypass. Once they do I-Plat, the pressure should drop on Pine Meadows Drive and significantly reduce leak problems. Mr. Cylvick stated that extra money was set aside in the loan as a buffer, which would enable them to do the well at Aspen Ridge.

Mr. Cylvick stated that another benefit is that Aspen Ridge is a fairly secured area in terms of wildfire. It would be easy to pull a generator to the well and the pump house to keep the pump running.

Mr. George asked if the Water Company had a generator. Mr. Cylvick answered no. However Brody and Trevor have spoken with Gorgoza, Mountain Regional and Oakley City, and they were willing to lend their generators if possible for a fire on that side. Mr. Cylvick stated that the plan is to make all the pump houses and booster stations a plug-in with a breaker. Trevor remarked that they would have to bury propane tanks at each location. Mr. Cylvick noted that if Uncle Tom's and the Tollgate well went down or were contaminated, they would still have another water source.

Mr. George asked if in his research Mr. Cylvick had found anything stating that if the County puts in a road that would cut across a water or power line, and someone improves it or otherwise changes that existing road, whoever provides the water and power prior to the road going in had to provide the same amount of water on either side of the road. Mr. Cylvick was unaware of that requirement. Mr. George stated that he read it years ago. It was in place before Statehood but before subdivisions were normal practice. Mr. Cylvick suggested that Mr. George ask Ted Barnes if that requirement exists.

Mr. Cylvick stated that if the Water Company chooses to develop the well at Aspen Ridge, they would only lay a pump line in to pump the water out. The system would stay in place and would be tied into the Pine Meadow well with backflow valves, etc. However, if Aspen Ridge ever wants fire flow or to hook into the Pine Meadow system, their community would have to pay for all the upgrades. Mr. Cylvick needed to read the agreement to see if Pine Meadow Water Company could collect annexation fees or if it was precluded by the agreement.

### **Managers Report**

Trevor reported that there were a high number of leaks last month, but he and Brody were able to find them and they were all repaired. They were still looking for a small leak off the big tank; however, it was not causing any problems.

Trevor stated that he went to St. George for his continuing education and Brody attended the banquet dinner to receive the award given to the Water Company. They entered the Best Tasting Drinking Water in Utah contest, but did not win. They will try again next year.

Trevor stated that the back windows in the pickup need to be tinted dark because it is difficult to read the computer for the meter readings when the light shines in. He estimated the cost at \$200-\$300.

Trevor reported that Phil had provided a bid to build a new computer. The computer would be approximately \$2800. Phil is their telemetry person and he knows what they need for their system. It would come with a backup system. Trevor stated that the biggest expense would be to update all the telemetry software for the new computer. The last time software was purchased it was licensed for Windows 7, which is basically obsolete. Therefore, they would need to purchase a new licensing agreement with Wonder Ware. The licensing agreement was approximately \$1800.

Mr. Cylvick requested that Phil prepare an invoice for the Board to approve. Mr. Cylvick could then forward the invoice to the other Board members for review and online approval.

Trevor reported that everything else was going well and the snow was melting fast. There were three frozen lines on the Ranch that need to be dug up and insulated this summer. He and Brody helped people fill their storage tanks.

Trevor stated that two of the leaks were found because of the Smart Meter. One leak was caused by a running bath tub. The owner shut off the meter off at the street, but the meter setter was broken and it still ran through the meter. The meter setter would be replaced this year. The second leak was caused by a toilet, which took longer to locate.

### **Health Insurance**

Mr. Cragun reported that it was time to renew the health insurance. He provided insurance booklets for Trevor and Brody. Mr. Cragun stated that unless there were changes, the insurance would remain the same. He stated that the current plan was the best plan available plan. It is a \$250 deductible 80/20 plan and zero deductible for prescription drugs. Trevor was comfortable keeping the same plan. Mr. Cragun would review the plan to make sure there were no questions and he would send the documents to Brody and Trevor.

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

Minutes Approved



Pine Meadow Mutual Water Company  
Monthly Board Meeting  
March 15, 2012  
Page 9

Date