

THE SOURCE

Summer Projects

We completed our summer construction projects with a varying combination of system improvements and repairs. The majority of the ranch is now operating at a greater flow capacity. The project in plat "A" along with 23 new water meter connections consumed much of the water managers, Brodi's attention. He was still able to react to line breaks and other water issues during the summer months.

Communications with the homeowners during a project is a daunting task. Much as this newsletter has done to communicate the actions and plans of the water company, we will be announcing a proposed time table for future projects by way of printed notices and on the website.

This will assist those in areas we are planning major projects and surrounding lots affected. Our hope is that owners aren't surprised when their water is turned off and roads dug up for extended times. The water company wants to do a better job of communicating. Shareholders have inquired about projects and have communicated to us what things would help them deal with the construction. It's given us a better understanding what would best benefit those effected by a project.

For summer 2005 we are replacing 3,800 ft. of pipe, 5 hydrants and installing all new meters on Iroquois Loop, Apache Circle and Modoc

Loop. We are planning to start this project as soon as April but no later than the end of May, depending on Mother Nature and should take 3 to 6 weeks to complete. We always keep in mind weekend and holiday usage and try to complete or at least restore as much water service as possible. This is a proposed plan and as problems arise on the ranch we may see the need to adjust the budget and projects to solve more pressing needs.



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Special points of interest:

- 2005 PROJECTS
- INCREASED FIRE PROTECTION
- 2 NEW PUMPS
- WATER LETTER POLICY

The Invoices are Coming!

You will soon receive your invoice for the year 2005. In order to assure that your fees are accurately applied to your account, you **MUST EITHER INDICATE YOUR LOT NUMBER ON YOUR CHECK** (it appears above your name on the invoice) **OR SEND US A COPY OF THE INVOICE.** Each year we receive checks we cannot process because we cannot identify which lot to apply the payment. Some checks are written from a business account and with no lot number, invoice number, or share-

holder's name, and we have no way of knowing which account to apply the check to.

Also, please be aware that it is the Water Company's policy to charge a late fee of \$25 after 60 days and finance charges at 1.5% per month after 90 days on any unpaid balance.

We receive telephone calls each year from shareholders asking why they have to pay a fee when they do not have a water connection on their lot. **Each shareholder pays a fee**

to the Water Company. If your lot does not have a water connection, you pay a standby fee, which covers your share of the cost of maintaining and improving the water system so it is in good working order when you do decide you want a water connection on your lot. Shareholders with a water connection on their lot pay a higher fee, which includes the cost of actually delivering water to the lot in addition to costs of maintenance and improvements.

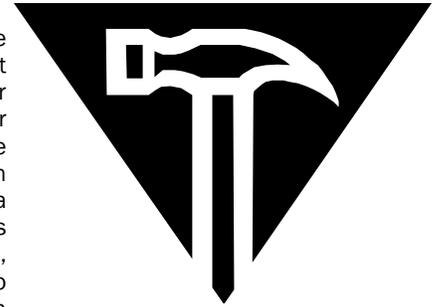
Water Letter Policy

In August of 2004, the Board of Trustees ratified its policy on issuance of water letters. Issuance of water letters is outpoured to a separate company which provides the Water Company's billing and administrative services. The Water Company does not maintain an actual office where shareholders can pick up a water letter on demand. The policy ratified in August is as follows:

1. The shareholder must send a written request including the name and address of the shareholder and the lot number for which the water letter is being requested to the Pine Meadow Mutual Water Company, P.O. Box 17134, Salt Lake City 84117.

2. You will receive by mail a packet containing a letter explaining the water letter policy, the meter installation and impact fees, a copy of the Rules and Regulations, and an agreement to sign and return with the appropriate fees.

3. If you wish to expedite the process, you may pay with a cashier's check, and your water letter will be sent to you within two weeks of the date your check is received. If you wish to send a personal check, the water letter will not be issued until the Water Company has veri-



fication that your check has cleared the bank.

Please plan ahead! If you plan to apply for a building permit, you should apply for a water letter as soon as you know you want to build, as the process takes several weeks to complete.

"the goal will be to get adequate fire flow so we may better protect the ranch in the long run." Eric Cylvick.

2004 FALL SYSTEM REPAIRS

Nearing the end of this Fall it was discovered that our main well at Uncle Toms was only running at a 20 to 30% capacity and was 2-4 years past its normal life expectancy. We could continue relying completely on this one well, which if to fail during the winter would not be repaired until the spring. Then our only other option would be to turn on an inactive well at Contact

(below Oil Well parking). However, we found that Contact was on its last leg. It was only pumping 15 gallons a minute, a mere 15% of capacity and also 2-4 years past its life expectancy. In summary we had two failing wells, Uncle Toms, that is controlled by the computerized telemetry system allowing the well to turn on and off automatically and the other is manually con-

trolled. So the only way for this backup well to function would be for the Water Manager to manually turn Contact well on and off. This would require constant monitoring while it was pumping. In addition, if the system, any part of the system were to run dry, the PRVs (Pressure Release Valves) would need to be reset. These PRV's are placed throughout (see bottom P.3)

Elections

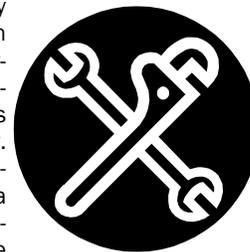
There were two positions available to any owner. Both positions were two year terms. In heated races, Calvin Cragun and Eric Anderson raced against, nobody and won.

Calvin has owned property for approximately 18 years and has served on the Board of Trustees for one year. He would like to continue for another term of office. He has

run several small businesses and is currently the owner of an insurance brokerage. He has finished building his cabin this year. He is also involved with a committee responsible for fire safety.

Eric has owned property for 9 years and finished a cabin in 2002. He is reapplying for an two year term.

We are at all times calling for any interested individuals to attend and participate in our meetings and contribute any knowledge or advice.



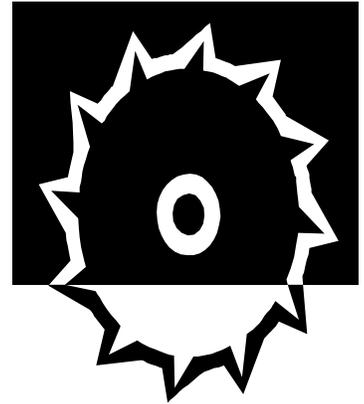
WORKING FOR THE PEOPLE

2005 Rates and Fee Structure

The board, after extensive research concluded to stay ahead of water demands and advance the community closer to a more stable and proactive water company. We will increase the water fees by 15% and **increase** the initial water allotment by a matching percentage. The new fee structure is \$322 for standby fees and \$491 for metered connections fees. The fee structure for water usage over 11,500 gallons is as follows:

11,501 to 20,000 gals. \$15/1,000 gals.
 20,001 to 30,000 gals. \$30/1,000 gals.
 30,001 to 50,000 gals. \$40/1,000 gals.
 50,001 gals. and above \$50/1,000 gals.

As started in previous years, the company continues to provide payment terms for those shareholders who wish to pay their annual fees either quarterly or semi-annually.



increase the water fees by 15% and increase the initial water allotment by a matching percentage

This "Old Car" with some new parts!

The mission the Water Company is to be proactive in designing a functioning water system and to solve system problems. However, we are working with a system that has had many improvements but still have areas that are ailing or weak links. Think of the water system as an old car that over the years has had little maintenance. Over the last 10 years we've

replaced parts here and there, but it is mostly original. For example, we might have a new fuel pump on this car but the fuel lines are original. So the new fuel pump is only as good as the old fuel lines. This goes for the entire car or in our case the water system. Until we are able to replace, update and upgrade the entire system, we are only as reliable as the weakest link in

the system. Please understand that if we have to turn the water/Fire Flow off in your area it is not personal. If there is a leak and it is not easily found or detectable we begin a process of elimination. This process begins by finding out who has water, who doesn't and where we have weak links. With several feet of snow this process is not as easy as looking for (See P.4)

Lot Combinations

Some shareholders who own adjacent properties choose to go through a plat amendment process with Summit County to combine the lots into one lot. As explained in the Rules and Regulations, legally combined lots shall be considered as one lot with respect to payment of the fees starting the year following the date the lots were combined. Fees

are assessed from January 1 through December 31 each year, with the invoices being sent at the beginning of each year. Therefore, any lot combination which occurs in 2005 will have already been billed for 2005 in January, so the combined lot would be considered as one lot when the invoices go out the following January. The lots are

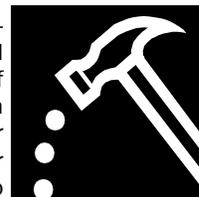
billed based on the status of the lot on January 1 of each year. Please be aware that, if you have combined your lots, you must send to the Mutual Water Company proof that the combined lot has been recorded at the Summit County Recorder's Office before the lot will be considered as one lot for billing purposes.

Legally combined lots shall be considered as one lot with respect to payment of the fees starting the year following the date the lots were combined.

Cont. 2004 Fall System Repairs(P.2)

the system to control the pressure in the lines so they don't blow apart connections and joints. Resetting the PRV's is a difficult and complicated task in the summer, but an impossible mission in the winter especially when many

of these are unmarked, buried under many feet of snow and frozen underground. Our only solution for both wells was to replace the pumps



at a cost of \$11,000 per pump. This was an unexpected expense, but a necessity. We now have a strong main pump that is working at its maximum rate and a reliable backup.

PINE MEADOW MUTUAL WATER COMPANY

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Monthly Meetings:

Pine Meadow Mutual Water Company holds Board of Trustees meetings twice monthly, on the second and fourth Thursdays during the summer and once a month usually on the second Thursday during the winter (please check Website for updates).

Share holders are invited to attend and participate in these meetings. The meetings start at 6:30pm and end at 8pm. A period for public comments is provided at each meeting.

Location of all meetings during the summer months: Water Company Office, Gravel Pit Pine Meadows Ranch

During the winter months the meetings are being held at: Summit County Library, Kimball Junction (just south of the McDonalds) Small conference room.

Cont. This “Old Car” with new parts! (P.3)

running water during the summer. We then try to determine, if possible the best way to isolate the leak and many times it means shutting down entire areas. We are trying to save turning the entire system off for the rest of the winter by using this process of elimination and isolation.

ADDRESS CHANGES

Each year when we send out invoices, we receive a number of telephone calls from people requesting the Water Company not charge them late fees and finance charges because they did not receive their initial invoice due to a change in address or a change in ownership. Please be aware that each shareholder has the responsibility to keep their address current with the Water Company and with the Summit County Recorder's Office. If you have

changed your mailing address within the past year or have recently purchased your lot and have not notified the Water Company or Summit County, please do so and be sure your records are current. If you do not notify us of your new address or new ownership and the invoice is sent to the wrong address, you will incur late fees and finance charges if payment is not received within 60 days of the invoice date.



LOOK FOR US ON THE WEB!
PineMeadowWater.com