

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, OCTOBER 27, 2005

PINE MEADOW RANCH

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick–President, Cal Cragun, David Hale, Dan Heath–Board Members

Eric Anderson was excused

Ex Officio: Brody Blonquist–Water System Manager

1. Approval of Minutes

Cal Cragun noted that it was Eric Anderson and not Eric Cylvick who requested that he prepare the spread sheet. Eric Cylvick did not believe it was necessary to amend the minutes to reflect that change. Mr. Cragun agreed.

MOTION: Eric Cylvick moved to APPROVE the minutes of October 13, 2005. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously. David Hale abstained since he did not attend the meeting.

1. Financial report

Eric Cylvick reported that he spoke with Carol about putting the legal reserve fund and the actual reserve fund back on the Profit and Loss/Budget versus Actual sheet since this is the item the Board typically studies. He reviewed the current Profit and Loss statement noting that Carol had included a restrictive fund balance of Capital Reserve, Contingency, and Legal Reserve. Mr. Cylvick noted that none of those have been funded to date. Mr. Cylvick stated that they are \$104,000 over budget on income and most of that was from impact fees.

Mr. Cragun asked about the number of water letters issued this year. Brody Blonquist replied that the number was 26 letters. He believed they issued a new one today. Mr. Cylvick noted that he budgeted for 7 or 8 water letters which was two more than the master plan. He assumed that for the next ten years they will probably see 20 to 30 water letters. Mr. Cylvick stated that he would adjust the budget for next year but he will always keep it less than the actual.

Mr. Cylvick noted that they have not paid everything out on the equipment. They are a little over on other equipment and under on what is owed on the backhoe. He commented on the amount of work done this year in preparation for the next few years. One thing was obtaining the loan. Mr. Blonquist remarked that the items purchased this year will go a long way in helping with what he does in the field on a regular basis. Mr. Cylvick agreed that the \$2700 they are over budget on the equipment will save several thousands of dollars in the long run.

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Mr. Cylvick believed everyone knew they would be in different place on the insurance this year. He expected management services to be on budget once everyone has been paid at the end of the year. Professional services is very close to what was budgeted. Mr. Cylvick referred to the repairs line item and noted that when the computer went down he gave Mr. Blonquist clearance to spend the money to have it fixed. Since Carol had put the restricted funds balance at the bottom, Mr Cylvick believed it would be easy to see where that amount correlates with other items. The restrictive fund balance has a total of \$128,000. Mr. Blonquist expected the source protection amount to increase because he is still doing samples. Utilities and vehicles should end up on budget at the end of the season. Mr. Cylvick stated that he authorized Mr. Blonquist to purchase chains for the backhoe and the truck. They have not funded the water shares for \$31,000 and they are under on capital improvements by \$60,000 because they decided not to do Modoc Loop. They are also under budget on repair and maintenance.

MOTION: Mr. Cragun moved to APPROVE the profit and loss balance sheet.. David Hale seconded the motion.

VOTE: The motion passed unanimously.

1. Unpaid Bills

Mr. Blonquist noted that the bill from Half Day Dave's Trucking was for equipment he needed to fix a broken line. The money was supposed to be credited back because it was under warranty. The bill from Plumbers Supply was for odds and ends.

MOTION: Eric Cylvick moved to APPROVE the unpaid bills. Dave Hale seconded the motion.

VOTE: The motion passed unanimously.

1. Correspondence

Since Mr. Hale was not present at the last meeting, Mr. Cylvick explained the spread sheet Mr. Cragun had prepared to track assignments. He noted how the items are checked off when completed and how the spread sheet is used to follow up on items.

Carol Steedman with KGC Associates had sent a list of the following items for the Board to discuss and respond.

Carol stated that Jeff Jensen's statement for \$5,284 is accurate. Mr. Jensen received a credit for a one time water leakage reduction in 2003 as noted on the statement and Carol was waiting for a Board decision on a resolution. Mr. Heath was under the impression that Mr. Jensen did not think he received his credit in 2003. After further discussion and consideration, Mr. Cylvick believed that Mr. Jensen did receive the credit in 2003 and he currently owes \$5,284. Mr. Cragun suggested that the Board send Mr. Jensen a letter with a copy of the statement explaining that there is a one time forgiveness for a water leak and he has been granted that reduction. If Mr. Jensen has documentation to prove that he did not receive that break he can come back to the Board. Mr. Cylvick remarked that Mr. Jensen owns heavy equipment and the Board may be able to arrange for Mr. Jensen to work off the balance if he does not have the funds. Mr. Cylvick remarked that the bylaws set up certain policies and they could be opening a can of worms if they start making exceptions. Mr. Cylvick asked Carol to send a letter to Mr. Jensen with attached statements, letting him know that he has received his one time reduction and the Board is willing to

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discuss alternative ways to pay back the Ranch. The Board understands the amount is significant but they cannot set a precedent different from the rules and regulations stated in the bylaws. Mr. Cylvick suggested that the letter should invite Mr. Jensen to attend the first Board meeting after the annual meeting.

Carol had sent a W-4 for Mr. Blonquist to sign so he could adjust his tax rate for more spendable income. Mr. Blonquist stated that he would call Carol on this matter.

Since there were no minutes from the September 29, 2005 Board meeting, Carol asked the Board to review a water problem and make a decision regarding PI-E-25, Sherrie Richardson. Carol had spoken with Sherrie and she would like an answer on whether the problem is on her side of the water meter or on the other side. Mr. Blonquist believed it was on the Ranch side but he will check the pressure on both sides. Carol had further stated that the problem of not having water on PI-E-25 started when the two lines were installed on Salt Box. They have paid their water bill in full and are anxious to get the problem resolved.

Carol's note referred to PI-F-38, Patty Charles water usage, noting that the minutes from September 8, 2005 indicated that Eric was to respond to the owner regarding excessive water usage. Carol wanted to know the outcome and whether there was a Board decision on how to handle the water bill. They still owe \$4,131.00. Mr. Cylvick stated that he had called Ms. Charles but he could not recall the outcome. He offered to follow up again.

Carol indicated that she had spoken with Jamie Brackin from Summit County and Ms. Brackin has discovered that the lots are portions of parent lots. These are relatively tiny portion lots. These were not active IDs after the tax sale in the early 1990's. Summit County acquired the lots after a tax strike off to pay back taxes. This was a mechanism used at tax sales and disbanded soon after because of the confusion it caused. These lots are portions and cannot be sold or developed in any way. The parent lot is paying the assessment already. Summit County does not have full ownership as it is only in trust. There is a statutory process that the Summit County Commission must follow in order to resolve the situation. Ms. Brackin will meet with the Summit County Commission in an open and public work session and present the Pine Meadows Mutual Water Ranch dilemma and ask for resolution. She will also discuss what the County should do with the rest of the portion lots in Summit County. Carol suggested that someone from the Board attend the County Commission meeting and she will let them know the date and time. Mr. Cragun felt that someone with real estate knowledge should attend the meeting. Mr. Heath offered to attend.

1. **Public comment**

Joe Rush was concerned that the Board has not resolved his issues. Mr. Cylvick explained that the Board looked at his meter readings and his billings and they believe the usage is accurate. Mr. Rush remarked that he was in attendance this evening because another meter is doing the exact same thing his meter did. He now has proof so the Board can see what happens. He noted that the meter reading on D-21 is 56,000 gallons and the cabin was empty. Mr. Cylvick asked what the meter is doing. Mr. Rush replied that the meter is leaking. When you turn the meter on it sprays water from the bottom where the meter hits the ground. Mr. Blonquist replaced the meter in 2001 and the yoke was leaking at the bottom. Mr. Blonquist pointed out that everything on that side of the meter is Mr. Rush's responsibility. Mr. Cylvick asked if the problem is the actual meter or the way the meter is hooked up to the water line. Mr. Rush replied that the meters are leaking at the bottom of the yoke. He wondered if they had purchased a bad

batch of meters. Mr. Blonquist stated that he would look at the meter tomorrow. Mr. Rush noted that Mr. Blonquist had told him they would straighten out his bill when his new meter was installed but so far nothing has been done. He would like to pay his bill but he does not intend to pay the overages. Mr. Cylvick asked Mr. Blonquist if the meters were leaking when he checked them as described by Mr. Rush. Mr. Blonquist stated that it was so long ago he could not remember. It only leaks when the meter is turned on and it leaks on the side where it is hooked up. Mr. Rush noted that only one of his meters was leaking. All his other meters showed a zero reading on his bills. This happened to him in the early 1990's and after several zero readings his bill showed 47,000 gallons used. He did not want this to happen again. Mr. Cylvick had told him that he and Mr. Blonquist would look at the meter and pro rate the usage over that length of time. Mr. Cylvick stated that the Board is not opposed to solving the problem, however if the leak is on Mr. Rush's side of the meter, that presents another problem unless the meter is cracked. Mr. Rush noted that Mr. Blonquist had fixed the meter but that was after x-amount of gallons went through the meter when the house was vacant. Mr. Cylvick noted that owners are asked to shut their meters off when they leave. Mr. Rush replied that his meter was shut off. The Board reviewed Mr. Rush's bill for 2004 showing 43,000 gallons used.

MOTION: Dave Hale moved that the Board average 43,000 gallons over four years from 2000 to 2004 and charge Mr. Rush the pro rata amount of gallons used based on the schedule of fees, and charge Mr. Rush the usage for that year's use. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously. Dan Heath abstained from the vote stating that he would like to see the closing statement to see if the previous owner was ever billed for water.

Mr. Rush stated that the statements are still in the previous owners name. He pays the bills because he is responsible for the cabin. Mr. Cylvick clarified that Mr. Rush purchased the cabin under contract. Mr. Rush replied that this was correct and he makes payments to the owner. Mr. Heath asked if Mr. Rush was closing the property on a uniform real estate contract. Mr. Rush answered no. Mr. Heath pointed out that Mr. Rush is not the owner. Mr. Rush stated that he is responsible for the water. Mr. Heath felt the Board should be dealing with the owner and this is the reason why he abstained from the vote. Without a real estate contract or a power of attorney, the Board is making adjustments to someone else's bill. Unless Mr. Rush is the property owner or the owners representative, Mr. Heath believed the Board was on shaky ground.

Mr. Cylvick asked Mr. Rush to provide something in writing that shows he is legally responsible for paying the water bill. Mr. Rush stated that he would not be willing to pay someone else's bill so he could not understand why his check was not enough proof as long as the bill is paid. He noted that the Board has accepted his money in past years and so has Summit County and the Homeowners Association. Mr. Cragun stated that accepting checks is different from the decision being made today. Mr. Heath requested that Mr. Rush obtain something in writing from the property owner stating that he has the authority to pay his bills. Mr. Rush noted that the bills come directly to him. He was told that the Board needs something in writing that can be read into the minutes. Mr. Cylvick asked Mr. Rush if he pays the Homeowners fees and Mr. Rush replied that he does. Mr. Cylvick suggested that they move forward with this resolution and he will contact the attorney and Carol to see if this has ever happened before. Mr. Hale stated that the motion is subject to Eric Cylvick meeting with legal counsel to make sure it is OK to accept this payment from Joe Rush for the owner.

Mr. Rush commented on issues with Lots D24 and D5. Mr. Cylvick stated that D24 has water usage listed and he needs to go by the meter reading. Mr. Rush noted that the bills he received for Lots D24

and D5 indicate zero gallons used. He was not disputing the amount owed but he did not want a surprise bill in the future for an excessive amount of water used. Mr. Cylvick asked Mr. Rush to fax him copies of his statements and he will have Carol follow through. Mr. Rush preferred to send the statements via certified mail. Mr. Cylvick told Mr. Rush that he will have this issue resolved by the next regular Board meeting.

The Board discussed a request from Thurmann's, Lot FM-C-67, for a water bill reduction. Mr. Cragun noted that she broke the line on her side. Mr. Cylvick asked if the Board was comfortable granting a one time reduction. Mr. Cragun asked if the reduction would apply since they broke the line themselves. Mr. Cylvick replied that it did fall under the guidelines. Mr. Blonquist noted that the Thurmann's have not been billed yet. Mr. Cylvick asked Carol to write Wyatt and Patty Thurmann a letter saying that the Board will address this issue after the billings come out. She should note that the Board is not opposed to looking at a one time bill reduction but they cannot make a decision until the bill is in their hands.

Mr. Heath commented on the Joe Rush situation regarding Lot D21 and the fact that Mr. Rush is not the lot owner but he uses the lot and pays the water bill and taxes. He expressed concern that the Board might be party to Mr. Rush's acquisition of that property sometime in the future because he claims it is an abandoned property. The Board discussed the matter and suggested that Carol write a letter to the owner stating that their property has used this water and Joe Rush has come before the Board claiming this use. The letter should request that the property owner provide some indication that Mr. Rush's has his permission to use the cabin and pay the water bill. The letter should be sent to T. Rundell, Lot MPD-21. Mr. Cylvick requested that Carol contact Mr. Heath prior to writing the letter since he has some history on the property.

1. **Manager's Report**

Mr. Blonquist noted that the renewal of his operator's certificate is due to the Division of Drinking Water and he asked if the Board would consider paying the \$50 renewal fee.

MOTION: David Hale moved to add a check to the envelope being sent to Carol to renew Mr. Blonquist's certification license. Mr. Cylvick seconded the motion. Mr. Heath was not present for the vote.

Mr. Blonquist presented the bill for the roof and siding on the shop and the office. Mr. Cylvick noted that the bill was \$8300 and the bid was close to \$7,000. He had authorized moving forward with the work.

MOTION: Eric Cylvick made a motion to pay Carr Enterprises, Inc. \$8300 for the siding and roof, Invoice #185. David Hale seconded the motion.

VOTE: The motion passed unanimously. Dan Heath was not present for the vote.

Mr. Blonquist presented bills from Whiskey and Ed Ercanbrack for gravel for the parking lot and well site. He noted that Whiskey did not charge for the grading in exchange for use of the backhoe. Mr. Cylvick remarked that the \$2591 charge was to flatten out the area for the well and the area by the 6,000 gallon tank. The bills for the use of Whiskey's truck were \$977 and \$340. The total amount is \$3,908.05.

Mr. Cragun referred to correspondence indicating that the Utah Local Government Trust Organization was proposing that Pine Meadows renew their membership with them. Mr. Cragun noted that this needs

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to be presented during a public meeting and he recommended that this be passed on to the attorney with a request that it be expedited and returned prior to the November 3 annual meeting.

MOTION: Eric Cylvick made a motion to pay the bills for flattening the two areas in the amount of \$3,908.05. David Hale seconded the motion.

VOTE: The motion passed unanimously.

Mr. Blonquist stated that since he began working for Pine Meadows he has been unable to locate three meters which are all Special Service District meters.

Mr. Blonquist reported that the price for a plow blade for the backhoe is \$5600. This would allow the backhoe to be used for snow removal. Mr. Blonquist stated that it is a 12 foot snow box. Mr. Heath asked if the snow box goes behind and drags the snow. Mr. Blonquist explained that the snow box mounts to the blade and they call it a snow box because it has sides. Mr. Heath stated that they would want the snow to roll. Mr. Blonquist replied that it will roll. Mr. Heath asked if this is an advantage over having a regular snow plow. Mr. Heath commented on a company that deals with plows for tractors and he suggested that what they sell might be better for plowing through fresh snow. Mr. Cylvick suggested waiting on a decision for the snow box. Mr. Blonquist stated that there are only two left and he does not know how fast they will sell. He is working through a company in Logan. After further discussion, Mr. Cylvick felt they needed more information before making a decision.

1. **Open Discussion**

Mr. Cylvick reported that Pine Meadows Mutual Water Company will have to personally pay for the well because the Division of Drinking Water federal loan will not pay for the well. They will pay for the tank and the water lines. Mr. Cylvick referred to a time line of all the projects that Dave Dillman needs to complete for the Division of Drinking Water. He noted that the time line must be submitted by December 5. He told the Division of Drinking Water that the Water Company will pay for all the engineering on all projects and for the tank. Based on that commitment, Merrick set up the time lines on what needed to be done. He felt the Board should be ready to make a decision by the annual meeting. Mr. Cylvick asked Mr. Blonquist to contact Dave Dillman for an environmental assessment of all the new water lines, the 500,000 gallon tank, and the well no later than December 5. They also need a cost estimate for meeting that deadline. Mr. Cylvick stated that his negotiations with the Division of Drinking Water is that the loan will close the day they drill that well and they have sufficient water for their project. They only need the well to produce 62 gallons per minute in order to receive the loan. Mr. Blonquist remarked that drilling a 1,000 foot well should produce 150 to 200 gallons of water per minute. Mr. Cylvick believed Pine Meadows is number one on the funding list but they need to meet the December 5 deadline. He presented a spread sheet and a list of items that need to be completed prior to Spring. He asked the Board to review the information and be prepared to discuss it at the next regular meeting.

MOTION: Eric Cylvick made a motion to authorize Dave Dillman to begin the environmental assessment for the water lines, the 500,000 gallon tank, and the new well if the cost is under \$10,000 and he can have it completed before December 5. Dan Heath seconded the motion.

VOTE: The motion passed unanimously.

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Mr. Cylvick noted that if the cost exceeds \$10,000 Mr. Blonquist will present documentation for a decision at the annual meeting on November 3.

Mr. Blonquist noted that Dave Dillman does have the letter for the water shares. They have enough shares if it is not fully built out. They need additional shares if they go to year-round. Mr. Dillman will explain it all in writing for the Board.

Mr. Cylvick noted that Eric Anderson has been working on the website. He told Mr. Anderson to continue his work and the Board can review it later and make changes.

Mr. Cragun presented the contract with Now Recovery for approval noting that it contained the caveat about having the money come directly to Pine Meadows.

MOTION: Eric Cylvick made a motion to approve the Now Recovery contract. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cragun noted that the Property and Casualty Insurance renewal is due the first of the year. He gave Mr. Blonquist the renewal questionnaire so he could fill out the parts he is familiar with. Mr. Blonquist will return the completed form at the annual meeting and Mr. Cragun will send it to Carol for renewal the first of the year.

The next Board meeting was scheduled for Thursday, November 17 at 6:30 p.m. at the library.

Mr. Heath stated that the Homeowners usually have one meeting in Park City and one in Salt Lake City. They recently lost their Park City meeting location and he wondered if they could meet at Pine Meadows. Mr. Cylvick replied that they can use it anytime.

Mr. Cylvick stated that he will make up a power point presentation for the annual meeting and include the income statement, the information from the Division of Drinking Water, and a summary of what has been done during the year. He intended to stress the reason why they are making such an effort to obtain this loan. Mr. Cragun added that the Government Trust document needs to be discussed in a public meeting.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 8:10 p.m.

Minutes Approved

Date