

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, FEBRUARY 8, 2007

TERRA NOVA

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick - President; Eric Anderson - Vice President; Cal Cragun, Bill George - Board members

Dan Heath was absent.

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

Guests: Gary Nakken and Scott Hill, Lot PI-E-10; Katerina Blais, FM-D-94; Larry Holt and Gaylene Woodruff, PI-C-7,8, and 9.

President Eric Cylvick called the meeting to order at 6:26 p.m.

1. Minutes

MOTION: Eric Cylvick moved to APPROVE the minutes of January 11, 2007. Bill George seconded the motion.

VOTE: The motion passed unanimously. Cal Cragun abstained from the vote since he had not attended that meeting.

2. Financials

Mr. Cylvick reviewed the profit and loss/budget versus actual. He did not think much had changed but they are starting to receive assessments. Mr. Cylvick noted that they have received well over 156.5% water assessment that was owed for 2006. Mr. Cylvick pointed out that he may have over budgeted the excess water unless they receive more for 2005 and 2007.

Responding to a previous question about retained earnings, Mr. Cylvick asked Mr. Cragun to look at putting their money into a higher interest account. Mr. Cragun stated that there is approximately \$200,000 in the checking account and a portion of that amount should be moved to the money market.

MOTION: Eric Cylvick moved to APPROVE the balance sheet and the profit and loss/budget versus actual. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously.

3. Public Input

Mr. Nakken stated that he had received a water bill for \$4,000 showing 100,000 gallon usage. He spent four nights there during the summer and two of those days the water was off. Mr. Hill's family was up there four or five times during the summer for one night stays. Mr. Nakken believed the usage could not be that high.

Mr. Cylvick agreed that 100,000 was excessive. It could be attributed to water theft, which has not been common for awhile; or there could be a problem with the meter. Mr. Anderson asked if Mr. Nakken if he had checked the meter. Mr. Nakken replied that he had not looked at the meter because he only received the bill in December. He noted that last Spring there was a break in the water line across the street and he wondered if it was possible to mix up the two properties when the meters were read. Brody Blonquist explained that every meter is assigned its own number and he checks the map to make sure the meter number corresponds with the lot number. Mr. Blonquist was unsure what broken line Mr. Nakken was referring to since the only broken line was near Bobcat Springs. After further clarification, Mr. Blonquist informed Mr. Nakken that the property across the street from him had a problem with the air valve and not the water meter.

Mr. Cylvick stated that the correct procedure would be to dig up the meter and check to see if it registers any usage when no one is in the house. He believed that 100,000 gallons could only result from a leak. Mr. Nakken noted that he turns off the meter and adds insulation during the winter. Mr. Cylvick remarked that Mr. Blonquist would need to re-read the meter and if his numbers are correct, the next step would be to check on whether there is a leak between the meter and the house. If there is nothing wrong with the meter and a leak is found at the frost free or somewhere else, the Board can grant a one time reduction that would cut the bill in half. Mr. Nakken would need to show proof that the leak was repaired in order to receive that reduction. Mr. Blonquist stated that he would re-read the meter and contact Mr. Nakken the first of next week.

Caterina Blais informed the Board about an issue regarding development outside of Pine Meadow Ranch. Mr. Cylvick clarified that Lots 165, 167, and 168 are landlocked. The property owner owns 38 acres and he has petitioned the County to allow him to turn those three lots into a single dwelling lot in exchange for dividing the remaining property into four lots. The current zoning is one house per forty acres. Mr. Cylvick noted that Scott Boyle and the Homeowners Association is against this request and does not want this to happen. Ms. Blais clarified that their concern is about setting a precedent and impacting the entire value of Pine Meadow Ranch. If this occurs, it would enable anyone to annex and develop the perimeter. Ms. Blais remarked that the premise on which the Ranch was created and why some areas of the Ranch were divided into smaller parcels was predicated on the fact that there is so much open space. The Ranch was created totally on the 40 acre zoning that surrounded the entire perimeter of the Ranch. Ms. Blais remarked that the property owner is Chuck Tarver and the County was ready to approve his request until the Homeowners started to object. She felt it was important for Pine Meadow to continue pursuing the matter. If Mr. Tarver gets his way the entire Ranch perimeter will be in jeopardy. She wanted the Water Board involved because they have the ability to deny Mr. Tarver water service. Mr. Blonquist pointed out that Mr. Tarver could build a well if he was denied service. Ms. Blais noted that she has also involved a hydrologist, a wildlife biologist, and the County planner who has been working with Mr. Tarver.

Mr. Cylvick stated that Pine Meadow has a policy of annexing people into the water system and for years it was done on the premise of raising money to operate the system. He noted that the Water Company is not legally bound to annex property or to increase the size of their service. He thought the Board should begin to address this issue in the near future and set policy for when annexation is appropriate. Mr. Blonquist pointed out that the water system is engineered for a certain amount. If they start to add on they will need larger water tanks and feed lines.

Mr. Cylvick was willing to consider servicing Mr. Tarver if he only puts one structure on 38 acres as zoned; however, developing four lots changes the dynamics. He noted that the objective this evening was to make the Board aware of what was happening but a decision was not necessary at this time.

Larry Holt stated that he was without water all year; however when the meter was pulled it showed they had used 19,000 gallons. Mr. Holt presented a letter indicating the dates when the water was on and dates when it was off during 2005 and 2006. They believe the meter was misread because the same amount of water was shown used for both years; however the difference was five months for one year compared to nine months from the previous year. Mr. Holt noted that there have been no water leaks. Mr. Blonquist stated that he had read the meter the day it was replaced with a new meter. At that time, the meter reading was 19,102 gallons. Mr. Cylvick pointed out that the water use in 2004 was 22,950 gallons. Mr. Holt reiterated that there have been no leaks since the meter was reattached and he could not understand how the reading could be the same when one reading was for a nine month period and the other reading was a five month period.

Mr. Cylvick explained that the bylaws and rules and regulations do not give the Board a lot of leeway on this type of situation. If there had been a leak Mr. Holt would be eligible for a one time reduction. However, in this circumstance, Mr. Blonquist read the meter and the Board needs to go by that reading. Mr. Blonquist stated that every meter has a registered number and he reads the number off the meter and marks it down by the property owner's name. This same process has been used for years.

Ms. Woodruff asked if it was possible for water to go somewhere else and register on their meter. Mr. Anderson stated that there have been incidents of stolen water. Ms. Woodruff pointed out that they were without water all summer due to the construction.

After further discussion, Mrs. Woodruff suggested that maybe they should periodically read their own meter. Mr. Blonquist agreed and encouraged them to log their readings in a notebook. Mr. Cylvick suggested that the Holt's keep track and ask Mr. Blonquist to read their meter once or twice during the summer to confirm their numbers.

4. Unpaid Bills

Brody Blonquist reviewed the unpaid bills. The bill from Catapultion was the new internet company. Coalville Auto and Farm Supply was for the de-icer. No payment has been received from Half Day Dave's Trucking. The bill from Immersion Development was for the website. J & R Development was for retainage on the tank. KGC Associates was Carol's bill. Laughlin Water is the hydrologist they hired to look at other wells. Mr. Cylvick understood from the hydrologist that if they improve and clean Uncle Tom's Well and put in a larger pump and drill by Tollgate, they could have plenty of water. Mr. Blonquist stated that the bill from Mobile Mini was for the storage unit. He questioned invoices from Whiskey that he thought were previously paid. Mr. Cylvick stated that they should hold these bills until Mr. Blonquist can find out whether or not they were paid. Mr. Blonquist noted that the bill from Rocky Mountain Power was a typical monthly charge. Mr. Anderson questioned the credit from Rocky Mountain Power. Mr. Cylvick clarified that Rocky Mountain Power is charging back to May. They were given a credit to May 30, 2006 and then billed \$531. He assumed that the charges were the difference between what was estimated and the actual reading. Mr. Cylvick asked Mr. Blonquist to follow up with Rocky Mountain Power to clarify the billing. The bill from Verizon Wireless was the cell phone. Mr. Blonquist stated that he was still unclear on the bill from Wilson Ranches. Mr. Cylvick asked Mr. Blonquist to look into Invoice 184 from Pine Meadow Ranch.

MOTION: Eric Cylvick made a motion to pay the unpaid bills except the Pine Meadows Ranch and the Wilson Ranches. He directed Carol to hold the \$480 payment for Pine Meadows Ranch and the \$585 for Wilson Ranches until Mr. Blonquist can verify the charges. Mr. Blonquist will also check on the bill from Rocky Mountain Power but no payment is due since they still have a credit of \$53.40. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously.

5. Managers Report

Mr. Blonquist reported that Caterina, FM-D-94, did not have any water so they dug up her meter. There was water in the hydrants above and below so they assumed the problem was on her property. After tearing everything apart, they found out that everyone else below her was also out of water. Mr. Blonquist believed the PRV 50 yards from her house had locked up. Mr. Cylvick asked if there are PRV's that do not go bad when it goes dry. Mr. Blonquist replied that all PRV's go bad but the newer ones will not shut down completely. Mr. Blonquist commented on the different valves at the Ranch. His wish would be to replace all the valves with new PRV because they are easier to work with and they would have the same type throughout the system. Mr. Cylvick wanted to know how much it would cost to purchase new PRV's. Mr. Blonquist stated that the new PRV's at Forest Meadows were 6" and the cost was \$3500 each.

Mr. Blonquist had obtained prices on getting T-shirts silk screened and coats embroidered with their name. A couple of sweatshirts and five T-shirts apiece for he and Trevor would cost \$320. He wanted to know if the Board was interested in doing something that would identify them as Pine Meadow Water Company employees. Mr. Anderson favored this idea. Mr. Cragun agreed that it was a good idea for security purposes.

MOTION: Eric Anderson moved to APPROVE the request for T-shirts and Sweatshirts with the Pine Meadow Mutual Water Company name, not to exceed \$500. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. Blonquist asked if he and Trevor could take the diesel truck down to St. George for the water conference. The Board members were comfortable with them taking the truck.

6. New Business

Cal Cragun provided an update on the unpaid accounts totaling \$39,117.29. He noted that Leland Peters and Paul Peters are responsible for half that amount, and combined with what Larry Long owes, the three make up three-quarters of the total. Mr. Anderson asked if notes have been filed with the County and Mr. Cragun replied that they have. Mr. Cragun noted that these balances have been carried over for a significant amount of time and keep accruing interest and late charges. Mr. Blonquist asked if it ever reaches a point where the Water Company can shut off their water. Mr. Cragun replied that only two of the property owners in collection have water. Mr. Cylvick remarked that the issue is whether or not they want to spend \$40,000 to take them to court when they only owe \$4,000 and \$2,000. Mr. Cragun agreed that it was not worth the cost.

Mr. Cragun stated that Mycorp could be a dummy corporation. It is not in existence but it appears that they are paying taxes with cash which keeps the property viable. If the corporation is not in existence, he wondered what legal recourse they would have for closing on them and taking the property. Mr. Anderson explained that it means the corporation owns the lot but the corporation is no longer incorporated and has been dissolved. He was unsure where the real property would go if the corporation no longer owns the rights. Mr. Cylvick believed it would go to the debtors. Mr. Cragun noted that the Water Company is a debtor and he suggested that they get a legal opinion. Mr. Cylvick felt it was important to keep addressing the situation and for the minutes to show that the Board made a decision not to make them a dry lot.

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

Minutes Approved

Date