

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, APRIL 12, 2007

TERRA NOVA

SUMMIT COUNTY, UTAH

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

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

Guests: Jeff Jensen

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

1. Minutes

MOTION: Eric Cylvick moved to APPROVE the minutes of March 8, 2007. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Financials

Eric Cylvick viewed the profit and loss/budget versus actual, indicating that 80% of the water assessment had been collected. He noted that they were over budget on repairs. The computer expense for \$1576 was to purchase a lap top. Mr. Cylvick stated that the expenses so far this year have been low. Brody Blonquist expected that would change very shortly.

Mr. Cylvick suggested that at some point they should look at the amount of money they collect through excess water assessments. They are collecting between \$31-34,000 and if they decide to increase the base rate of water, they will lose a portion of that money. He noted that the Board previously discussed leaving the current assessment the same, but increasing the base rate from 11,000 gallons to 20,000 or 25,000 gallons in order to be compatible with internal usage in a normal household. He believed they would lose approximately \$25,000 worth of revenue.

Mr. Anderson asked about increasing the rate. Mr. Cylvick replied that the rate was increased substantially four years ago and currently the rate is \$491. To this point, the Board has talked about waiting to see where they are financially at the end of the year before making a decision. Mr. Cylvick stated that the big project will be completed this year, they plan to do the 12" line next year, and then they will go back into Forest Meadows and replace the PRV's. He believed it would take two years to complete all these projects and hoped the Division of Drinking Water would allow them that time frame for using the money. By then they will know the exact loan amount and what it will take to service that debt.

Mr. Blonquist stated that he would like to purchase the PRV's this year because the price of steel is increasing. Mr. Cylvick remarked that they could purchase the steel this year and if the

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Division of Drinking Water did not extend the use of the loan money within the time frame of the other projects, the Water Company would only have to pay for the labor. Mr. Blonquist stated that he and Trevor could put in the Forest Meadow PRV's.

Mr. Blonquist reminded the Board that they will be selling the big trackhoe, which will bring in a significant amount of money that can be used to repay the loan. Mr. Cylvick stated that they would still need the trackhoe for the 12" line. Mr. Blonquist predicted that everything would be done by July 2008. Mr. Cylvick asked if there would still be a market in July for selling the trackhoe. Mr. Blonquist replied that there is a year round market for trackhoes.

Mr. Blonquist reviewed the balance sheet. He noted that there was \$105,000 in checking. He asked Mr. Blonquist what he expected to purchase. Mr. Blonquist replied that he only anticipated buying joints. They need to purchase vaults but they usually buy them as they go along. They also need to purchase PRV's for Forest Meadows. He estimated that the 6" would probably cost \$4,000 and he needs 11 or 12. He did not think it was necessary to buy extra over what they need. Mr. Blonquist noted that a lot of the PRV's are 4" which will keep the cost down. Mr. Cylvick expected the projects to be finished by summer 2008 and from then on the Ranch should be in a maintenance phase.

At this time Bill George entered the meeting and Mr. Cylvick summarized their discussion to this point.

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.

Cal Cragun asked if he should wait to transfer money until they determine how much they need to spend. Mr. Cylvick felt they should wait.

2. Unpaid Bills

Brody Blonquist reviewed the unpaid bills. He noted that the bill from Delco Western was to have someone come up to replace the relay when there was a problem with the pump inside the well house. Regarding Half Day Dave's Trucking, Mr. Blonquist stated that he talked to him and he promised to have a payment by January 1, 2007. Dan Heath asked if he should still pursue filing with small claims court. The Board concurred that he should pursue it. Mr. Blonquist stated that J & R Development is for the tank. KGC Associates is Carol's bill. The Mobile Mini bill is the monthly charge for the mini storage unit by the shop. Rocky Mountain Power is the regular monthly bill and Sinclair Fleet is for fuel.

MOTION: Eric Anderson made a motion to APPROVE the unpaid bills. Bill George seconded the motion.

VOTE: The motion passed unanimously.

3. Manager Report

Mr. Blonquist reported on the class he and Trevor attended in Oklahoma. They learned a lot in two days and he would not hesitate to go again. Some of the class was hands on and they were able to take valves apart to see how they were built. They went to the warehouse and

watched the valves being built. They also learned to adjust the valves. Mr. Blonquist stated that he has been talking to Eric Cylvick about different applications for the water system that they learned about, as well as other things that can be done to solve certain problems. He commented on the flow restricter valve and explained how it would work for I-Plat. Chuck was going to send him the specs so he could get them to the engineer to see if it is something that might work for the system. Mr. Blonquist remarked that he has known Chuck since he started in the water business and they actually used Pine Meadows as their project for the class this year.

Mr. Blonquist stated that so far everything on the Ranch is working well. He is taking applications for summer help. The ad started yesterday and it will run for two weeks. Mr. Blonquist hoped to get a good response because they need a lot of help this summer. The pay will be based on experience. Labor will be \$10.50 to \$12.00. Operators to run the backhoe will be paid \$13-14.

He plans to start the new hires on May 1st and hopes to begin digging around May 7th.

4. **New Business**

Mr. Cylvick stated that he had emailed everyone a letter regarding the annexation for Jill and Matt Brown. He indicated that they would have to follow the rules and regulations but they could be annexed in and Pine Meadow could provide water. He noted that this annexation is a 34 acre lot; however, the lot will not be subdivided and it will have one single family residence. When he did not hear negative responses from the Board, he went ahead and wrote the letter the Browns needed to expedite the process to apply for annexation.

Mr. Cylvick stated that he was on Bull Moose Tuesday and yesterday with Mike Bowen to look at his situation with the vault and the PRV freezing up. He explained that the PRV vault somehow got crushed and filled in with water. The lid was temporarily fixed but it was knocked off again. The PRV froze and Mr. Bowen lost his water again. Mr. Cylvick noted that Brody and Trevor have a solution for fixing the problem and he told Mr. Bowen what they plan to do. He believed the issue with Mr. Bowen is resolved as long as the problem is fixed.

Mr. Cylvick commented on an email he received from Scott Boyle about changing the siding on the shed. He and Mr. Boyle met a few weeks before and drove around the Ranch to look at different things. At that time Mr. Boyle never mentioned the siding and then sent the email afterwards. Mr. Cylvick remarked that if Mr. Boyle felt that strongly about it, he could put on whatever siding he wants, as long as it meets Board approval, and he can manage the project. Dan Heath thought some of the pressure was coming from the homeowners. Mr. Cylvick did not think the Board was opposed to changing the siding, but they weren't going to be responsible for changing it. Mr. Heath stated that Mr. Boyle would get a few volunteers to help with the work.

Mr. Cylvick continued the discussion regarding Half Day Dave's Trucking and asked about the process for filing with small claims court. Mr. Heath explained that you submit the paper work, have the person served by a Constable, and then it goes to court. Mr. Heath stated that Half Day Dave's Trucking is well within the guidelines for small claims court. They will get a judgement but it is up to Pine Meadow to collect on the judgment and that is the hard part. If they have Ted Barnes handle the claim, they should get attorney fees attached to the judgement. Mr. Blonquist asked for one more chance to speak with Dave before they file with the court.

Mr. Cylvick stated that he paid an invoice to Bill Laughlin, the hydrologist. Mr. Laughlin was

looking at possible areas where they might be able to drill another well. Mr. Cylvick remarked that Mr. Laughlin checked the old well logs and when they first put that in it was pumping 190 gallons per minute. Now they are getting 40 gallons per minute. If they can clean that one and clean out Tollgate, they could end up with 250 gallons per minute, which is sufficient for what they need. Mr. George asked if it was an expensive process. Mr. Blonquist did not think it would cost too much to clean them out. Mr. Cylvick stated that cleaning the well does not come with a guarantee but they would still be ahead if they could pump 150 gallons per minute. At 150 gallons/per minute they could fill the 500,000 gallon tank up within a day and a half. Mr. Laughlin is still working on the report and Mr. Cylvick will call next week to hurry him along. Mr. Blonquist explained the process for cleaning the well. He had already talked to Matt at Delco and he said they could use a bigger pump. The smaller pump was originally used because at that time they did not have the application to change it from a 3-phase motor to a single phase motor.

5. Public Input

Jeff Jensen, Lot 61 at Forest Meadow, stated that he is moving across the street. Mr. Jensen wanted to know the cost of a water hook up. Mr. Cylvick replied that it is about \$6500 total; \$1,200 for the hook-up and \$5225 for the water connection. Mr. Jensen commented on the water situation at Forest Meadows and stated that he heard some people say that the PRV had frozen. Mr. Blonquist explained that a vault had frozen and affected most of Forest Meadow. Mr. Cylvick told Mr. Jensen about the plan to replace all the PRV's in Forest Meadow next year and replace all the joints with steel joints.

Mr. Jensen wanted to talk to the Board about two water hookups. He passed around copies of a drawing showing a loop connecting Junction Court to Shady Lane. Mr. Blonquist recalled that this was done a long time ago when they were trying to get all the easements to go through; but only got one easement out of five owners. Mr. Jensen reviewed the drawing in detail and indicated the land he presently owns. He wanted to know if the Water Company plans to go forward on the road. Mr. Cylvick stated that the Board has considered it and they do have a history of annexing people in. Mr. Jensen remarked that he would be willing to give Pine Meadow an Easement of Pertinence, which is a deeded right-of-way that goes with the land, or an Easement in Growth, which is especially for utilities. A Prescriptive Easement would not work because it is only a right of passage. Mr. Jensen wanted the Board to have this information so they would know that things can be simplified. Mr. Cylvick wanted to know what Mr. Jensen wanted from the Board. Mr. Jensen replied that he would like two meter connections and was willing to negotiate. Mr. Cylvick told Mr. Jensen that the Board probably would not be opposed; however they were not in a position to make that decision this evening. Mr. Blonquist believed that making Forest Meadow a loop was still in the master plan based on the reasoning that if something went down, it could still feed from the other side.

Mr. Jensen left the meeting.

6. Employee Matters

Mr. Cylvick stated that if they charge \$16-\$17,000 for an annexation and they run that direction, they could end up annexing in 3 or 4 lots for a total of \$45,000. If it costs \$25,000 to go around and possibly annex two more lots, that could be significant. Mr. Blonquist recalled that the original thinking was if they could get the people who owned the property to annex in, that would cover the cost of putting in the lines and the Water Company would not have to put out any

money. Mr. Cylvick remarked that if they can annex in two of the three lots, it would more than pay for going the extra distance around; without losing \$14,000 in impact fees. If they do the easement as proposed by Mr. Jensen, and give him two meter assessments; Mr Cylvick could guarantee that Lot 9A would also ask for a meter assessment. Mr. Blonquist pointed out that Lot 9A already has a meter. Mr. Cylvick summarized that they would lose \$14,000 in impact fees and it would cost \$25,000 to go farther around. They would be in the black by \$10,000 but they would make more money if they annex in another lot. In his opinion, that makes more sense than having Mr. Jensen pay for two meters. Mr. Blonquist noted that the Forest Meadow Road is not in the Ranch and he wondered if they would still have full easements to go around the road. Mr. Cylvick was under the impression that Forest Meadow Road was Ranch property. Mr. Blonquist stated that the map he saw shows the Pine Meadow water line dead ending five feet from the property line. Mr. Cylvick pointed out that this changed everything and his idea would not work. He will try to find out for sure. Mr. Heath suggested that Ted Barnes may know. Mr. Cylvick stated that he would gather all the road information before the Board makes a decision.

Brody and Trevor left the meeting.

The Board discussed benefits for Trevor. Mr. Cylvick felt it was fair to consider giving him more benefits since he has been with the company for a year. He is sharp and he and Brody make a good team.

Cal Cragun asked if they should use the same percentage as what they did for Brody. Once they make that decision he will research a few companies because each company is different. Using the same calculations as Brody, Mr. Cragun came up with \$105.00 per month. One company has a minimum of \$167/per month and another company will go down to \$50/month. He needs to figure out the amount and then he will find the better company. All of the companies offer different situations. One gives a higher interest rate because it has a 15 year surrender unless you pay a penalty. Mr. Cragun pointed out that everything is a trade off and you give up something with one company and gain something else with another. Mr. Cragun thought Mr. Blonquist's retirement was with Great American and he favored putting both in the same company if possible. He will work out the details to find the best for Trevor, and report back to the Board at the next meeting.

Mr. Cylvick noted that in addition to retirement, the Board had also talked about vehicle reimbursement and insurance. Mr. Cragun pointed out that they already provide Trevor with health insurance. Mr. George thought they should give him vehicle reimbursement. Mr. Cragun stated that Mr. Blonquist also has a life insurance policy. Mr. Cylvick felt they should give Trevor the same benefits as Brody. Mr. Cragun will get quotes on the life insurance and the retirement. Mr. Cragun asked that Carol let him know what they pay for vehicle reimbursement so he can include it in a formal proposal.

Mr. Cylvick stated that Cole had approached Mr. Blonquist about a full time job. Mr. Cylvick told Mr. Blonquist that he did not think the Board was in a position to hire a third full time person. Mr. Heath expressed interest in hiring Cole for the Homeowners Association. Mr. Cylvick noted that Cole is planning to work for the Water Company this summer.

7. Miscellaneous

Mr. Cylvick asked for discussion on the tank, and commented on how high it sticks up in the air. The tank should be covered around and above. There would be no problem covering the west

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side but the other side drops away. He felt that putting boulders around with soil on top was the only solution; which may be an expense they had not planned for.

The next meeting will be held at Pine Meadow Ranch on May 3rd. Beginning in May, the Board will meet twice a month.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:40 p.m.

Minutes Approved

Date