

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, SEPTEMBER 27, 2007

PINE MEADOW RANCH

SUMMIT COUNTY, UTAH

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

Eric Cylvick was expected to arrive late. Bill George was excused.

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

Guests: Suzanne and Terry Larsen, PI-I-6; Scott Boyle, PI-I-17-18-19

Vice President Eric Anderson called the meeting to order at 6:40 p.m.

Minutes

MOTION: Cal Cragun moved to APPROVE the minutes of September 13, 2007 as written. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously.

Eric Cylvick entered the meeting.

Financials

Eric Anderson reviewed the profit and loss/budget versus actual. He indicated the outstanding balance for standby meters and excess usage. Mr. Cylvick asked if this amount reflected anyone on a payment schedule. Mr. Cragun was unsure but assumed it might. Mr. Cragun referred to an open balance statement that was also included.

Mr. Anderson commented on money that had come in from past assessments. Mr. Cylvick assumed the money collected was from the 2007 assessments. Mr. Anderson was unsure if the amount was money that was paid or an outstanding balance. Mr. Cragun believed it was an outstanding balance. Mr. Cylvick stated that he had budgeted \$114,000 and \$105,000 has been collected. Based on those numbers he was unsure how they could be \$163,000 outstanding. Mr. Cragun replied that the amount includes everyone who owes money from past assessments, and not just 2007.

Eric Cylvick reviewed the balance sheet. There was \$476,000 in the money market, \$40,000 in the checking account, and \$23,000 in escrow.

MOTION: Eric Cylvick made a motion to APPROVE the profit and loss and the balance sheet for January 1-September 27, 2007. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. The bill from Apco was for the person who trouble shoots the telemetry. Capital One was for welding supplies for the shop. Catapultion was the Internet. Clyde is the bill for the Attorney. Delco Western was for larger springs that they needed for the PRVs. The bill from Dura Crete was for two PRV boxes on Alexander and Elk Road. Mr. Blonquist expected to purchase two more PRV boxes in the near future. The bill from J & R Development was for the tank. One bill from Komatsu Equipment was for a bucket rental for Jed when he ripped his down by the tank. The other bill from Komatsu was for pins. Mobile Mini was the storage unit. The bill from Mountain States was for parts. Mr. Blonquist referred to the bills from Rocky Mountain Power and asked Carol to hold payment on the two items in the amount of \$5,395.34 and \$3,216.59. He is in dispute with Rocky Mountain Power over a power line he dug through. Mr. Cylvick stated that he was meeting with Carol the next morning and he would tell her. He also asked Mr. Blonquist to email Carol with that same information and to carbon copy him. Mr. Blonquist explained that if the line is unmarked and not shown on the drawings, Rocky Mountain Power is liable. After an argument over who was responsible, he decided to wait for the bill and take it up with a supervisor. Mr. Cylvick clarified that the unpaid bills total was \$43,449.78. After removing the two line items they should pay \$34,793.85.

MOTION: Eric Cylvick moved to APPROVE the unpaid bills minus the two payments to Rocky Mountain Power. The total amount of the bill to be paid is \$34,893.85. Eric Anderson seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick presented Jed's bill for the trackhoe time in the amount of \$31,955 for three weeks. The truck time was \$12,915.

MOTION: Eric Anderson moved to APPROVE the J.E. Excavation bill of \$12,915 and \$31,955. Dan Heath seconded the motion.

VOTE: The motion passed unanimously.

Public Input

Mr. Larsen stated that he and his wife live on River Birch Road on Lot 6. He noted that the water goes down to the bottom of the hill and dead ends. He requested that the Water Company open up the hydrant in the Spring and flush it out. Every year when he opens it up white junk comes out. He felt this problem could be resolved if they could open it up each Spring and let the water run for a few minutes. Mr. Blonquist explained that being too busy with other things is the only reason why he does not flush the hydrant. He told Mr. Larsen that he will make a list of all the dead end hydrants and make sure they are flushed. Mr. Larsen remarked that the hydrant is way down at the bottom where there are no cabins. He suggested that they budget next year to move the hydrant to the top where there are three cabins. Mr. Cylvick thought they should have that area engineered by Horrocks Engineering to make sure they have enough fire hydrants to meet Code. Mr. Blonquist stated that the new Development Code states that there should be a hydrant every 500 feet. He was unsure why that Code was not followed. Mr. Cylvick recommended that Horrocks Engineering analyze the entire system to find out what areas are in violation of the Code.

Mr. Larsen reported that they do not have any water pressure; however the people across from Lot 13 have so much water pressure that they are blowing water heaters. Scott Boyle was in attendance to support Mr. & Mrs. Larsen because he and everyone else in I-Plat have the same problem with water pressure. He requested that the Board do something before they shut down for the winter so he does not have to wait until spring and then have the same problem. The suggestion was made for a pressure sustaining valve so once the water reaches a certain point of pressure it will not drop. Mr. Cylvick remarked that the problem would be resolved this month.

Mr. Cylvick updated Scott Boyle on the situation with Leon Gale.

Mr. Cylvick informed Mr. Boyle that Stagecoach Water Company is proposing to redo their water system and turn it over to Mountain Regional. He and Mr. Blonquist met with Mountain Regional and they are proposing to upsize the line that would go up to their water tank and then bring that line over to A-Plat. This would provide Pine Meadow the ability to pay for another source of water. Mr. Cylvick told Mountain Regional that he needed something in writing that he could analyze. It would provide 75 acre feet initially and five years later they would be obligated to purchase another 25 acre feet. The option after that would be to purchase another 50 acre feet. He explained that Pine Meadow would have to pay the increase in the line size, if necessary; and the cost for any increase in pump size. Mr. Cylvick noted that Pine Meadow has not agreed to anything and Stagecoach Water Company has not made a definite decision. Mountain Regional is working on the numbers for Pine Meadow. He pointed out that Pine Meadow would have a guaranteed amount of water without the risk of drilling more wells. Mr. Blonquist clarified that 25 acre feet is .1 million gallons. Mr. Cylvick believed the initial cost would be under \$100,000 in terms of upsizing the line.

Scott Boyle wanted to know who would own the line. Mr. Cylvick replied that there are multiple ways of doing it. Stagecoach could do it like Pine Mountain and buy water

from Mountain Regional or they could turn the whole system over to Mountain Regional. He explained that Stagecoach would pay for the upgrade themselves and Pine Meadow would request accessibility and pay for an additional 100 acre feet of water. He reiterated that Stagecoach has not made a decision and the options are still being explored. He believes this might be a better option for Pine Meadow than drilling additional wells.

Mr. Boyle recalled a time in the past when the Stagecoach wells were dry and he was concerned about their ability to promise water to Pine Meadow. Mr. Cylvick clarified that the water would be coming from Park City and not the Stagecoach wells. He explained that when the problem occurred in the 1990's, they were selling water to lots when they did not have the water to sell. State law requires that you cannot sell an acre foot of water unless you have the ability to pull it out of your wells or reservoirs. Mr. Boyle asked if there are negotiation points of conversion to offset the costs. Mr. Cylvick replied that there is a lot of negotiation ability, but they have not yet reached that point. He wants to see what the initial capital expenditure would be and if he could negotiate the cost per thousand. He does not want to give up any points of conversion but he would be willing to lease them for a period of time with the option to extend. He was very cautious about giving up any assets.

Mr. Boyle asked if that would be used to fill the 500,000 gallon tank. Mr. Cylvick replied that it would probably be the source; however, they would run Tollgate and Uncle Tom's once a week to keep the pump running. Mr. Blonquist remarked that he spoke with the State of Utah and regardless of the source, they have to run the wells to keep their water rights. Mr. Boyle asked if the assets of the Ranch would still remain their assets. Mr. Cylvick replied that if Pine Meadow decides to do it, it would be treated as a source; as if they had drilled a well.

Manager's Report

Mr. Blonquist reported that Wood Chuck is done and Jed still has the other two dead end lines to do. The tank is half way backfilled and in some places it is filled higher than at the back side. Trevor Townsend is working on Alexander Canyon and expects to be done by the end of next week. Mr. Blonquist stated that next year they will have a 12 inch and a 10 inch going into Forest Meadows. They will still need to go down into Pine Loop to cut in the fire hydrants.

Miscellaneous Business

Cal Cragun reported that he had moved another \$50,000 yesterday. On August 30, 2007 he moved \$30,000; then \$40,000; then \$50,000; and then another \$50,000 yesterday. He gave Carol three of those statements. Mr. Cragun stated that a quick tally of the account balance shows that all 17 of the Now Recovery accounts are included. The \$43,087 in Now Recovery accounts reduces the total account balance to \$120,000. Mr. Cylvick clarified that the Now Recovery accounts are from previous years and the current year.

Mr. Cylvick stated that he spoke with Leon Gale. His outstanding bill is approximately \$12,000 and nearly 45% is finance charges and late fees. Mr. Cylvick told Mr. Gale that he was willing to negotiate the balance down to what he actually spent on water and waive the finance charges and late fees. He expects the negotiations to be a battle. Mr. Cylvick explained that Mr. Gale has proposed \$4,000 and he plans to call him tomorrow and propose \$6200 or \$6300. Mr. Cylvick will tell Mr. Gale that he should pay for the water that passed through his meter.

Mr. Cylvick commented on the meeting with Mountain Regional regarding the Stagecoach Water Company. He had left the meeting before it was over but offered to provide the numbers they needed and to help in any way. Mr. Cylvick favored the option of having another source come up over the hill.

Mr. Blonquist submitted correspondence from Carol regarding a matter that was tabled at the last meeting. Charles Tarver has land locked property that Summit County had on their records for years but assessments were never paid. The lot was purchased in a tax sale and no fees were collected for the Water Company. There is an unpaid balance of \$2,864.44. This is a buyer beware situation that needs a decision. Eric Anderson clarified that there was an outstanding balance and when the lot was purchased the balance was not identified by the title company. Mr. Cylvick remarked that Mr. Tarver is doing this so he can transfer density. He informed Carol that Charles Tarver owes \$2,864.44 on Lot FM-D-165B.

Mr. Cylvick read correspondence from Carol indicating that Joel Dunning, Lot PI-G-34 had sent a letter requesting a water supply no later than 9/30/07. The letter was attached for their review. Mr. Cylvick stated that he had already addressed the matter. He spoke with Ted Barnes, the attorney, and Pine Meadow only has to provide water on their side of the meter, and not at their house. He had sent an email letting them know that the Water Company is not required to provide any specific pressure and that the property owner needs to put in a vault and a booster pump on his side of the meter. Dan Heath believed the owners were aware when they were building that they needed a booster pump. Mr. Blonquist thought they had signed a contract stating that they knew there would not be adequate pressure in the tap.

Trevor Townsend and Brody Blonquist left the meeting.

Cal Cragun requested that Carol pull the bonus amounts that were given last year for Brody, Trevor, and all the employees and call him with those numbers.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:50 p.m.

Minutes Approved _____

Date _____