

PINE MEADOW MUTUAL WATER COMPANY
BOARD OF TRUSTEES MEETING

THURSDAY, MARCH 6, 2008

TERRA NOVA
WANSHIP, UTAH

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

Ex Officio: Brody Blonquist, Trevor Townsend

Brody Blonquist was excused.

Guest: Chuck Tarver

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

Minutes

MOTION: Cal Cragun moved to APPROVE the minutes of February 7, 2008 as written. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Public Input

Chuck Tarver stated that he had attended a previous meeting to talk about a transfer of water service from existing lots on to proposed lots, with the addition of one big lot. Mr. Tarver recalled from the previous meeting that the Board had talked about considering a decision. He believed the hold up was getting an agreement with the HOA regarding the proposed lots. Mr. Tarver reported that the HOA is willing to accept the lots, not actually into the Ranch, but to restrict the lots to the CC&R's of the HOA. He wanted to know if there is any potential in the near future for transferring water service from the abandoned lots to the proposed lots and what the charges would be. Mr. Tarver offered to provide the Board with a copy of the HOA agreement.

Eric Cylvick wanted the opportunity to look over the agreement and speak with the HOA president. Mr. Tarver clarified that he was not expecting a decision this evening. Mr. Tarver remarked that the three other proposed lots are currently served with an existing water line that runs along Porcupine Loop until it hits Porcupine Circle and then it runs out to Lots 165, 167 and 168. The upper three, Lots 165, 167, and 168 are the lots he would like to transfer down to the existing lots. He stated that if the Board agrees to in-

corporate Lot 4, which is the bigger lot, the cost for any water line extension out to any of these lots would be incurred by him. The Water Company would not be expected to bear any costs. The Water Company could either do the work and have Mr. Tarver pay them for it, or he could contract the work and the Water Company could inspect it to make sure it meets their standards. Mr. Tarver noted that a private well is an option for servicing those lots, but he preferred to stay with the Water Company.

Mr. Cylvick asked Mr. Tarver if he is specifically looking at doing something this summer on this project or if he just wants the approval. Mr. Tarver replied that he is looking for approval. The most he would do this summer is possibly sell one lot. If the County approves the project, Lots 165, 167 and 168 will be merged into the surrounding properties and left as open space with no building rights.

Mr. Cylvick stated that before the Board could make a decision, they need to send this proposal to their engineers to see if it would create any impacts. They would also need to consider compensation if unforeseen problems arise due to this transfer. Mr. Tarver was comfortable with that process.

Mr. Cylvick clarified that Mr. Tarver was looking for approval but he would not pay any impacts fees until he actually starts building. Mr. Tarver preferred that approach if it was acceptable to the Board. Mr. Cylvick verified that Mr. Tarver would be responsible for the engineering costs to analyze his proposal. He did not anticipate it would be a significant amount. Mr. Tarver agreed.

Mr. Cylvick clarified that Mr. Tarver would pay an impact fee on three of these lots and an annexation fee on the other lot. Mr. Cylvick stated that he would contact Mr. Tarver once the Board has had a chance to discuss the matter and the engineer provides his opinion.

On a separate issue, Mr. Tarver noted that he purchased Lot 165 from Summit County two years ago. The water bill he received this year was \$3500 and he felt it was apparent that Summit County never paid the Water Company. He wanted to know if the Board could give him any consideration on his water bill for Lot 165 and asked them to let him know.

Mr. Tarver left the meeting.

Mr. Cylvick asked Mr. Heath if the Homeowners had decided it was easier to negotiate with Mr. Tarver rather than to fight it. Mr. Heath replied that an agreement would give the HOA some control over what happens with the lots. Mr. Tarver would have access to the roads and join the water system as long as he pays for it. Those lots would not be part of the Ranch but the HOA can have architectural control. The covenants will be recorded against the property.

Mr. Cylvick asked if the County was leaning towards allowing Mr. Tarver to subdivide and transfer the density. Mr. Heath remarked that the HOA Board was afraid that the County would allow that and they wanted to have some control. Mr. Cylvick assumed

the worst case scenario would be that the County would allow it and Mr. Tarver would drill his own well without having to pay any road assessments and he could build any type of house he wanted.

Mr. Heath pointed out that nothing was for sure because the County does not have a policy and currently there is a moratorium on density transfers until they decide on a policy. Mr. Tarver and McCallister are the only properties that are still open for discussion because they came in prior to the moratorium.

Mr. Cylvick stated that if the homeowners disputed with Mr. Tarver for over a year and decided to allow it, he would be inclined to follow their decision.

Mr. Anderson remarked that the Board is governed by their rules and the rules say they can allow annexation as long as the water system can sustain. He felt the question to be considered is the type of annexation and whether it should be one lot at a time or in bulk. Mr. Cylvick preferred to consider annexations on a case by case basis as long as it is within the guidelines. He suggested that the Board look at Mr. Tarver's lots and seriously discuss it. Mr. Cylvick was uncomfortable with the idea of a density transfer versus annexation without considering all the impacts and the precedent it could set. Mr. Tarver is offering to give open space on lots that would already remain open because they are unbuildable.

Mr. Heath suggested setting a criteria that they cannot create dead space so an unbuildable lot would have to merge with another lot. It was pointed out that Mr. Tarver already stated his intention of merging the lots into existing lots.

Mr. Blonquist commented on the number of unbuildable lots on the Ranch. Mr. Cylvick was still uncomfortable with the idea of impact fees versus annexation fees. Mr. Anderson stated that if Mr. Tarver is willing to pay for engineering, the additional pipe and other things, that amount would probably be the same as what it would cost to annex all the properties. Mr. Cylvick pointed out that Mr. Tarver would still be paying those costs even if he pays the annexation fee. He wanted the Board to realize that Mr. Tarver is not giving them anything, even though he made it sound like such a benefit. Mr. Cylvick felt the end result should be good for both parties.

Unpaid Bills

There was a problem with the tape and the Board's review of the financials and unpaid bills was not recorded.

Mr. Cylvick announced that the Board had unanimously approved paying the unpaid bills dated March 13, 2008.

Manager's Report

Brody Blonquist reported that he had called Eric Cylvick for authorization for he and Trevor Townsend to attend the Rural Water Conference in St. George. One of the best classes they attended was a public relations class, which stressed the importance of getting their names out to the property owners. He spoke with Mr. Cylvick about getting shirts with their names and logo so people know who they are talking to. The shirts will also help identify them as being with the Water Company when they go to someone's house. Mr. Blonquist noted that they also plan to get larger logos for the truck so people know their equipment and what their money is used for.

Mr. Blonquist reported on a call he received from Tom, a property owner who has a house on Beaver Circle. His water pressure was too low and they adjusted the PRV on Elk Road so he could have more pressure. They checked the yard hydrant and he has 50 lbs. in his yard hydrant. He emailed the property owner to let him know what they had done and to let them know if he has sufficient water pressure the next time he goes up.

Mr. Blonquist stated that he had nothing else to report because the water system did great this winter.

Mr. Heath asked about Shady Lane. Mr. Blonquist replied that they did have the two freezes that Trevor commented on at the last meeting. They pulled the meter out and the lines were frozen out in the road. He noted that their service is 8 inches to 12 inches deep going across the road, but he was unsure why those lines were laid that way in the past. He has found those same depths in other places when he tried to fix the lines. Mr. Blonquist stated that they will dig up all those lines this spring and put them back in at 6 feet deep. Other than those two freezes everything else has gone great.

Mr. Blonquist noted that the tank is still on the 3-1/2 day cycle, which is the same cycle they started on in August or September. He believed the water system was proven this winter.

Mr. Blonquist expected a lot of calls this summer from people in Forest Meadows complaining that their water pressure is too low. They are used to 200 lbs of pressure and that will be reduced to 50 lbs.

Mr. Blonquist felt they had accomplished what they needed to with the water system. Mr. Cylvick commented on the work that still needs to be done. He noted that they may need to increase rates, depending on the service to debt, but he did not believe it would be a significant increase. He stated that annexations help in terms of getting over the hump of completing the main projects. Mr. Cylvick suggested that they put any money they get in to the money market so it continues to earn interest and provides a financial buffer. Once they know the loan amount and the final debt, they might have enough money to cover the short fall for a year or two until they decide whether or not it is necessary to increase the rates to cover the loan.

Miscellaneous Business

Mr. Cylvick believed the decision they make on Tarver will have some effect on the McAllister issue. He reiterated the options and asked the Board to think about how they want to negotiate the deal with McAllister.

Mr. Cylvick stated that he read through the old agreement, as well as some of the new documents McAllister had sent him. He noted that when the Special Service District was dissolved Pine Meadow assumed all the assets but none of the liability, except for the water system. Therefore, the original document is null and void. The Board should base all their decisions on moving forward when dealing with McAllister and Tarver.

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

Minutes Approved

Date