

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, May 13, 2010

PINE MEADOW RANCH

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick - President; Bill George, Brian Zelch, Hutch Foster - Board Members

Cal Cragun was excused.

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

Guest: Pete Gilwold, representing McAllister

President Cylvick called the meeting to order at 6:35 p.m.

Minutes - April 15, 2010

Mr. Cylvick referred to the last page of the minutes that referenced him calling the owners of I-Plat and A-plat. He noted that the issue is only with I-plat and not A-plat.

MOTION: Eric Cylvick moved to APPROVE the minutes of April 15, 2010 as corrected. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual.

Cylvick commented on an annexation on Forest Meadow. He noted that someone had contacted he and Brody asking about annexation and fees. Mr. Foster asked Carol to make sure that he had signed an agreement to join the homeowners association, as part of the requirements for water connection. The form is available online.

Brody referred to the metered water assessment for 2010 and the standby water assessment for 2010 and asked if it is possible to know the amount that was billed. He was interested in knowing whether the amount billed was proportionately close to the amount collected. Mr. Cylvick stated that Carol would have that information. He had budgeted a \$40,000 loss for the 2010 year. Hopefully they would get an annexation.

He had included one impact fee but no annexation. Mr. Cylvick pointed out that when people combine lots, the Water Company technically loses customers.

The Board reviewed the balance sheet.

MOTION: Bill George moved to APPROVE the profit and loss as presented. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Brody noted that \$28,000 was budgeted for property taxes and the actual tax paid was \$29,000.

The Board reviewed the balance sheet.

MOTION: Eric Cylvick moved to APPROVE the balance sheet as presented. Brian Zelch seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody reviewed the unpaid bills. The bill from All West Communications was for internet service at Brody's home for Water Company business. The bill from Capital One was for training he and Trevor attended in Salt Lake. Catapult was for internet service. Clyde Snow was for legal work being done on the well.

Brody stated that he still did not understand the bill from Horrocks Engineering. Mr. Cylvick stated that the engineer has been actively involved in dealing with the attorney and Bill Loughlin and he has been working on water rights, points of conversion and similar matters. Brody pointed out that Horrocks has billed four hours \$270, but there was also a charge to reimburse for outside services in the amount of \$917.40. Mr. Cylvick asked Brody to contact Dave Dillman regarding the charge for outside services.

Brody continued with the unpaid bills. KGC was for Carol's services. Mountain States Water Works stills showed a credit. Regence Blue Cross was for health insurance. Revenue Recovery was the collection service. Rocky Mountain Power was the typical monthly bill. Sinclair Fleet was for fuel. Summit County Assessor was the bill for property taxes. Verizon wireless was for cell phones.

MOTION: Eric Cylvick made a motion to APPROVE the unpaid bills dated May 13th, 2010 with the stipulation that Brody talk with David Dillman with Horrocks Engineers regarding the travel reimbursement. Brian Zelch seconded the motion.

VOTE: The motion passed unanimously.

Correspondence

Mr. Cylvick read a letter from a property owner complaining about the dip in the road and how the road was graded, leaving it shallow. Because of this, she was experiencing frozen lines and no water. Brody would follow up with her on Monday.

Mr. Cylvick presented a contract he signed with Bill Loughlin, the hydro-geologist. Mr. Loughlin will provide well site services and prepare an exploration well report. He would also do on-site water sampling and check portions where drilling might be feasible. This was suggested by Robert Armstrong. It will be an interactive process. A test hole will be drilled and they will make sure there is good water coming out of the hole.

Brody stated that he has been in contact with Mr. Armstrong and he is ready to come up as soon as the snow melts and the roads dry out. Brody anticipated June or July.

Manager Report

Brody reported that he and Trevor are looking for leaks on Pine Meadow Drive. They are losing approximately 30 gallons of water per minute. A problem is that the lines froze during the winter and are now thawing with the warmer weather. If they cannot find the leak, they will start shutting down the system to narrow it down to an area.

Brody stated that everything else has been working well. They are waiting for the snow to melt so they can start working. He commented on meters that people have cracked by dropping rocks on them, either inadvertently or on purpose. Water still goes through the meter but the meter does not turn. He pointed out that it is costing the Water Company money. The Board concurred that the owners should be charged for a new meter. Brody would contact the owners prior to replacing the meter to let them know the cost. The meters should be replaced with the new radar read meters.

Brody reported that he had ordered a new metal detector for \$800 to replace the old one. It is a tool that is necessary.

Miscellaneous Business

Mr. Cylvick commented on the water line planned for I-Plat and noted that the necessary homeowners had been contacted. The property owners agreed to the easements and the next step is to identify the existing easements once the snow melts.

The two main projects for this summer are the water line from Elk Road to I-Plat and drilling the test hole. Brody stated that he and Trevor would be doing some PRV work.

Brody stated that the pump house doors are rotted and need to be replaced.

Mr. Cylvick remarked that if they drill the test hole and they find adequate water, they could take available well money and develop the well. The test hole would indicate

whether the casing needs to be replaced. He pointed out that the money spent on the test hole could save \$100,000 to \$150,000.

Public Input

Pete Gilwold, stated that he was hired by the McAllister's to try again to achieve some level of development on their one hundred acres. He noted that over a year ago the McAllister's submitted an application through the County, but their application was denied at the Council level due to lack of community benefit. The McAllisters are interested in trying again and believe they can achieve enhanced community benefit. After meeting with the County Planners, the McAllister's plan to submit another application within two to three weeks.

Mr. Gilwold stated that the basic premise for trying to accomplish a community benefit is to donate a number of lots in a specific area to either the County or some other entity. Those lots could be sold and the money divided among non-profits or other organizations. The McAllister's see that as the community benefit.

Mr. Gilwold had drafted a concept plan for the hundred acres and explained the differences between this new plan and the plan that was originally proposed. The basic premise is to build a nice size lot for the McAllisters with a number of acres around that site. He indicated an area where they are looking at transitioning from smaller lots and having twelve one acre lots. Mr. Gilwold identified the lots that would be donated to a government entity. Further back into the property would be an area with three acres lots that transition to four and five acre lots. He estimated 27 lots total.

Mr. Gilwold remarked that too much density was the initial reaction from the County. He explained that the intent was to create a subdivision that was based on building pads in relation to lot lines, without trying to cram too much density into one area. The larger lots create more separation and privacy.

Mr. Gilwold noted that one of the obstacles is water and sewer. The County General Plan requires a package sewer plan in order to carry out their plan. Therefore, they need to try to get that requirement waived because it would not make a lot of sense to build a package plan for 27 lots.

Mr. Gilwold stated that water was another issue. He had attended this meeting to talk to the Board about combining efforts and a level of cooperation to allow them to tie into the water system in exchange for the McAllister's to help the Water Company with well issues or developing another source of water. He asked the Board if it was possible to find a way to work together.

Mr. Cylvick was not opposed to the idea, but he felt the Board needed time to discuss it among themselves and to talk with the Homeowners Association. He explained that per the bylaws, anyone joining the Water Company is also required to join the HOA.

Mr. Foster stated that when this was considered a few years ago, the Homeowners Association came up with an annexation policy for outside parcels that are doing subdivisions. If they want to be serviced by the Water Company they should also annex into the Owners Association as well. Mr. Foster noted that there is an actual document specifically for Pine Meadow. He pointed out that the Homeowners Association took a position on how that would work if it happened.

Mr. Cylvick remarked that supply was the only concern with water. The Water Company is currently in the process of looking for an additional water source. Mr. Cylvick explained to Mr. Gilwold what procedures were tried and the problems they encountered. Mr. Gilwold commented on the possibility of drilling a well at an artesian site on the McAllister's property. They hoped for an opportunity to have a dialogue with the Water Company on potential sources and the ability to work together to mutually benefit both parties.

From a water company perspective, Mr. Cylvick stated that his only interest in this development is the reality of whether or not they would be able to provide water.

Brody agreed. His personal opinion at this point would be to say no because they do not have an adequate supply. Twenty-seven homes and a hundred acres would have a significant impact on the system. Brody clarified that he was not opposed to the proposal itself, but it would require a lot of engineering and the ability to find water.

Mr. Cylvick was willing to look at the logistics of engineering and design if the money is available and the Water Company and the HOA is comfortable with it. He told Mr. Gilwold that he would consider the options and talk with the Board and the HOA and let him know. In the meantime, Mr. Gilwold and McAllister should present a proposal to the Water Company outlining what they are willing to offer.

Mr. Gilwold left the meeting.

Mr. Cylvick asked Mr. Foster for his opinion from the perspective of the HOA. Mr. Foster recalled that the first time this came about, the HOA took the position that as long as they were willing to join the Owners Association as part of the subdivision, the Owners Association would not take a position to either oppose or favor the proposal that was submitted to the Planning Commission. They did not care if the proposal was approved, but if it was approved and moved forward, that subdivision would need to join the HOA. Brody wanted to know who would pay for the infrastructure if that land was developed and the lots were connected to the water system. He commented on the significant amount of pipe and hydrants that would be needed for those connections. Eric pointed out that the McAllister's would be financially responsible for everything and it would not be a financial burden for the Water Company.

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

Minutes Approved

Date