

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, SEPTEMBER 16, 2010

PINE MEADOW RANCH

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Bill George, Brian Zelch, Hutch Foster - Board members

Ex Officio: Trevor Townsend

Brody Blonquist was excused.

Guest: Tom LeCheminant

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

Minutes

MOTION: Cal Cragun moved to APPROVE the minutes of August 12, 2010 as written. Hutch Foster seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Trevor Townsend reviewed the unpaid bills. The bills from All West Communications and Catapulsion were for the internet. The Chem-Tech bill was for quarterly nitrate samples. Clyde, Snow and Session were legal fees. The bill from Dura-Crete was the purchase of a new lid for the vault on Tollgate Canyon in front of Lot PI-67. Ferguson Enterprises was for parts. Geary Construction was for gravel purchased for insulating the lines in Forest Meadows and Pine Meadows to keep them from freezing. Horrocks Engineering was the engineer.

Mr. Cylvick assumed the bill from Horrocks Engineering was for the easement work and survey on I-Plat; as well as for work on Tollgate well. Mr. Cylvick had received a call from Dave Dillman informing him that there is no written easement for the road. Mr. Dillman believed the issue was becoming more complicated and it would not likely occur this year. Mr. Cylvick told Mr. Dillman to make sure everything is completed and placed in a binder so they would know who to contact when they are ready to proceed.

Trevor continued with the unpaid bills. KGC Associates was the bill for Carol's services. The bill from Loughlin Water was for work on the Tollgate well. Mountain States Water Works still showed a credit. The bill from Regence Blue Cross was for health insurance. Rocky Mountain Power was the power bill. Sinclair Fleet was for fuel. Utah State Division of Finance was the interest on the loan. Verizon Wireless was the typical monthly bill.

Trevor presented a separate bill from Dane Erckenbrack in the amount of \$297.50 for the ground work. Mr. Cylvick presented a \$400 bill from Ted Mason, the person who surveyed the well to obtain a legal description for the easement he put together with Ted Barnes.

MOTION: Eric Cylvick moved to PAY the unpaid bills dated September 16th, 2010 in the amount of \$26,301.77, and in addition, the bill from Ted Mason, for land surveying in the amount of \$400 and the bill to Dane Erckenbrack in the amount of \$297.50. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Financials

Mr. Cylvick reviewed the profit and loss. He noted that the total water assessments were less than 6% under budget.

One annexation fee came in which he had not budgeted for additional income. They are close to budget on the impact fees. Cal Cragun pointed out that they should be receiving another fee if one particular property is sold. Trevor noted that the owner of that property is requesting a one-time reduction, which would bring the bill down to \$8300. Mr. Cragun stated that because the owner was in a rush to obtain the reduction, he had asked Carol to begin the process and email the Board so they could discuss approval this evening.

Mr. Cylvick commented on how collections and foreclosures have helped. Mr. Cragun remarked that one problem is that the foreclosed properties are now bank owned and some of the banks are not paying. Trevor noted that if they pull the water meter the banks would be charged an equipment fee, and that might encourage them to begin paying. Mr. Cragun felt that may be their only option.

Bill George asked if the banks are allowed a one-time reduction. Trevor replied that the one-time reduction being requested this evening is a bank-owned property. Mr. Cylvick clarified that it was Peacock, Lot PI-377. Trevor stated that they owe excess water of \$19,967. Carol ran the formula as stated in the Rules and Regulations and reduced the amount to \$8,300. Mr. Cragun explained that the bank has taken the Peacock property and the owners need the one-time reduction for a short sale.

Mr. Cylvick noted that vehicle and equipment was over budget. Trevor explained that the crane was the largest vehicle expense. He believed the cost was approximately

\$2700. He noted that a bad U-joint was replaced and that expense was put on the Capital One credit card.

Mr. Cylvick noted the \$189,000 for Salt Box drilling and assumed that they had not yet been reimbursed.

Mr. Cragun stated that he would look closer at the insurance to see if they were saving money or whether they should return to the old plan. In looking at the cost, he did not believe it reflected any savings to this point.

Mr. Cylvick pointed out that the Net Ordinary Income was \$157,904.90. Reimbursing the \$189,000 for the Salt Box well would have a positive impact on the profit and loss.

MOTION: Eric Cylvick moved to APPROVE the profit and loss/budget versus actual. Brian Zelch seconded the motion.

The Board reviewed the balance sheet. Mr. George questioned the 850% change under Total Current Assets. Mr. Cylvick replied that it was a comparison from last year to this year. He noted that the percentage was higher this year. Mr. Cylvick pointed out that they had budgeted approximately \$224,000 a year for payment on the loan.

Mr. Zelch asked if they were depreciating any of the fixed assets. Mr. Cragun replied that the assets are depreciated and Carol has explained the procedure. However, it is difficult to understand the method and he could not remember where the depreciation was shown on the financials. Mr. Foster believed it was shown under Accumulated Depreciation of Total Properties. Mr. Cylvick agreed. He noted that the \$1,080,000 also included the net worth of the water system. The total water system is worth \$5,156,000. The total accumulated depreciation, which includes fixed assets and the water system, is \$1,080,000.

MOTION: Eric Cylvick moved to APPROVE the balance sheet dated September 15th, 2010. Brian Zelch seconded the motion.

VOTE: The motion passed unanimously.

Public Input

Fish Pond

Tom LeCheminant commented on a previous discussion about stocking the pond with fish. They have put fish in the pond and he would like permission to put a pump in the well house and aerate the pond. He had spoken with Brody Blonquist and Mr. Blonquist recommended that he update the Board for their approval. Mr. Cylvick asked if it was possible to post signs prohibiting trebble hooks. Mr. LeCheminant believed that most people use worms and the fish bite off the hooks. During the hotter summer months the water temperature is high and that is stressful on the fish. Mr. Cylvick was interested in

preventing damage to the fish. He has driven by several times and always sees floating dead fish.

Mr. LeCheminant noted that he has the compressor and the aerator. He only needed power to run the equipment.

MOTION: Eric Cylvick made a motion to provide power for Tom LeCheminant to aerate the pond. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. LeCheminant stated that due to the chlorine, he would make sure that Trevor or Brody are with him when he puts in the pump.

One-Time Reduction - Lot PI-A-37

MOTION: Eric Cylvick made a motion to grant Lot PI-A-37 a one-time water reduction for a leak that has been repaired. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick pointed out that after the reduction, the lot owner owes the Water Company \$8,385.07.

Annual Public Meeting and Elections

Mr. Cragun had asked Carol to research the terms that expire and which Board members need to run for election this year. Mr. Cylvick noted that the November Board meeting would be November 11th and the public meeting could be that same night. He asked that Carol reserve the Sheldon D Richins Library Building for 6:30 p.m. on November 11th, 2010.

Bill George offered to host the employee appreciation dinner again this year. He would email the Board with possible dates in October.

Manager's Report.

Trevor reported that he and Brody insulated all the lines at Forest Meadow that they thought were freezing. They would know this winter whether they had insulated all the problem lines. They plan to do Brian's meter on Arapaho next Wednesday because his meter freezes every year.

Trevor remarked that they borrowed the sucker trailer from Mountain Regional and cleaned out every valve on the Ranch. They were unable to locate the valve along the top of Wood Chuck.

Trevor reported that all the meters have been read and Carol has the readings. They found Joe Rush's meter on Lot D-5 spinning. He called Jody Robinson who came over to witness that the meter was spinning. The meter was turned off but not before losing approximately 39,000 gallons of water. Trevor called Carol to inform her about the meter and that Jody was a witness. He also sent emails to Carol, Brody and Eric Cylvick. Carol contacted Ted Barnes and he told her to pull out the meters. Trevor stated that there were no signs of renters or anyone living there so they pulled the meters on D-5 and D-24. Trevor understood that they were already in the process of foreclosing on Mr. Rush's water shares before the end of the year. Mr. Cylvick stated that he had spoken with Ted Barnes and Mr. Barnes would like to force Mr. Rush into either a settlement or litigation.

Mr. George asked if renters were allowed. Mr. Cylvick understood that nightly renters were prohibited but people could rent long term. Hutch Foster, representing the Owners Association, explained that in 2006 the Owners Association passed a rule prohibiting rentals shorter than 30 days. He noted that there are many renters on the Ranch but in theory they should not be short term renters. Unfortunately, short term renting is occurring on parts of the Ranch and he has sent non-compliance letters to those in violation and some have been fined. Mr. Foster pointed out that this was a contentious issue within the Board and he expected that it would be an item for discussion at their September meeting on September 28th. The Owners Association Board meetings are held on the fourth Tuesday of each month.

Mr. George commended Mr. Foster and Jody Robinson for making the roads passable. Trevor commented on how hard Jody has been working on the roads.

Trevor stated that he and Brody raised a couple of fire hydrants. They still need to raise one more on Pine Meadows Drive.

Mr. Foster reported that Suzanne Larson does not believe there is a fire hydrant within 500 feet of her house. Mr. Cylvick clarified that the hydrant needs to be within 500 feet of her property line. Mr. Foster stated that he explained to Ms. Larson that 500 feet does not mean road. It means where you can pull a hose 500 feet. He asked Trevor to make sure that Ms. Larson does have a hydrant within 500 feet of her property. Mr. Foster remarked that the West's also have that same concern and remind him periodically that they do not have a hydrant within 500 feet.

Miscellaneous Business

Mr. Cragun requested that the Board make a decision on allowing a monthly payment on past due balances. The bill would be divided by ten months to determine the monthly payment. He noted that many people are asking for that option as a way to pay off their balances.

MOTION: Mr. Cragun made a motion to allow monthly payments for past due balances. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Well

Mr. Cylvick reported that the State gave the Water Company the ability to use the remaining loan money for another exploratory well. He clarified that it would only be an exploratory well. They would insert casing to avoid contamination, but the sole intent is to find out if there is water and how much. Mr. Cylvick stated that research found that the well location is on Thomas Broderick's property and she and Mr. Broderick came to an agreement. In exchange for access down his property and to drill on the well site, Mr. Broderick asked for two water connections and that two annexation fees and impact fees be waived.

Mr. Cylvick stated that the property was surveyed for a legal description of the well location. He also asked the surveyor to survey along the side of Tollgate where they would bring a pump line and power down to run the well whenever they develop it. However, the surveyor did the well site but not the line. Mr. Cylvick read, "...is hereby granted to Pine Meadows temporary easement to access to and exploratory drilling of a water well on the property. In the event the exploratory well does not yield conditions sufficient in Pine Meadows estimation for the completion of a culinary well, Pine Meadow shall abandon the well and restore the area which was disturbed by drilling activities. In the event the exploratory well yields conditions sufficient in Pine Meadows estimation for completion of the culinary well, this agreement shall operate as a professional easement and right-of-way for ingress and egress to the property, and for the installation, use, operation, and maintenance of a water well pump house, facilities, pipe line and other..." Mr. Cylvick read a legal description he had written. "A non-exclusive 16 foot wide easement and right of way described as follows..." which basically talks about a center line of which is described as, "18 feet southwest of the center line of paved Tollgate Canyon Road. The easement would run from above the mentioned well site up to and along the edge of the pavement of Tollgate Canyon Road and terminate at the north easternmost corner of Lot SS-146-5".

Mr. Foster asked if it would stand just by calling it the "paved road", since there is no written easement for Tollgate Canyon Road. Mr. Cylvick clarified that he was only using it as a measurement in the agreement with Mr. Broderick. Mr. Foster remarked that the HOA Board is facing the issue that Tollgate does not have a legal description or written easement. Mr. Cylvick stated that he was asked to measure along, and he decided that the pavement was a fixed width and the center line is easily determined. Mr. Cylvick remarked that in exchange for the access, "Pine Meadow agrees to waive the annexation and impact fees that would otherwise be required per the provision of water service for two residential connections on the property and allow connection to the Pine Meadow system as soon as practicable; thereafter allowing the engineering and as allowed by engineering, safety, and pressure consultants".

Mr. Cylvick stated that the Division of Drinking Water wanted the Water Company to have a spec on the well and to send the spec out for bid. The bid could be restrictive

and require that it be done before it snows. The DDW requires at least three contractors for the bid process. One problem is what to do with the water because they do not want to send it down the creek bed. The spec will require that whoever drills the well must deal with the overflow water.

Mr. Cylvick commented on two PRV valves that were freezing and had to be fixed. One affected Katarina and the other one was at the Bowen's.

Mr. Foster commented on the person who obtained approval from the Water Company to harvest the plant by Bobcat. He understood that the owner was supposed to re-seed and restore the ground. Mr. Cylvick stated that he was supposed to re-seed in September or October. Mr. Foster stated that he had received emails from people who were concerned about the conditions and how it was left. He requested that the Water Company follow up so he could tell people that the matter is being handled. Mr. Cylvick stated that he has a written contract and he would follow up. He noted that some of the property belongs to another individual and not Pine Meadow. Mr. Foster was concerned that if it is not restored, it could become a breeding ground for thistle and other unwanted growth.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:35 p.m.

Minutes Approved

Date