

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, DECEMBER 9, 2010

PINE MEADOW RANCH

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Bill George - Board members

Ex Officio: Trevor Townsend

Brody Blonquist and Brian Zelch were excused.

Cal Cragun called the meeting to order at 6:35 p.m.

Minutes

MOTION: Eric Cylvick moved to APPROVE the minutes of the Annual Water Meeting on November 4, 2010, the minutes of the regular Board of Trustees meeting that was held on November 4, 2010, prior to the annual meeting, and minutes from the October 14, 2010 Board of Trustee meeting. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Loan Funds

Mr. Cylvick asked if Mr. Cragun knew the amount of money left to draw on the loan. Mr. Cragun replied that there was \$40,000, however, Brody was still waiting on invoices totaling approximately \$5,000. He believed there would still be \$35,000 of loan money available to spend.

Unpaid Bills

Trevor Townsend reviewed the unpaid bills. All West Communications was for the internet. APCO was a charge to fix the graphics on the telemetry. Charges from Bill George was for the annual dinner. Catapultion was the Internet. Chem-Tech was for the required year-end test samples. Clyde, Snow, Sessions and Swensen were legal fees. The bill from Coalville Farm and Auto was for parts and tools. The invoice from the Division of Drinking Water was for the Water Operator License renewal. Farmers Insurance was the insurance premium. KGC Associates was for Carol's Services. Loughlin was for the Tollgate well assessment. Mountain States still showed a credit. Real Value was liability insurance. Blue Cross was the health insurance. Revenue Recovery was

the collection agency. He believed that Rural Water was for dues. Sinclair Fleet was for fuel. The Division of Finance was the loan payment. Verizon was the phone bill. Weber was for water shares. Mr. Cylvick pointed out that the water shares totaled \$43,000.

MOTION: Eric Cylvick made a motion to pay the unpaid bills dated December 9, 2010. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual and the balance sheet. Mr. Cylvick noted that they were close to budget in terms of water assessments. Mr. Cylvick questioned the \$5200 for vehicle equipment. He assumed it was for the utility truck and asked Trevor to follow up with Carol to see whether she had applied the \$4,000 from the loan.

Mr. George asked if the charge for Salt Box drilling was for the third well. Mr. Cylvick clarified that Salt Box was the well that was drilled in the Spring. Mr. Cylvick questioned the \$293,000 amount shown. Mr. George explained that the number shown was the basis for his question. Mr. Cylvick would call Carol for clarification.

Mr. Cragun referred to page 2 and the (c), standby water and metered water. Mr. Cylvick was unsure, but assumed that the (c) might mean collection. He would ask Carol.

Mr. Cylvick anticipated receiving additional money prior to the end of the year. He noted that the \$42,000 for the water shares was not shown on the profit and loss because the Board needed to approve that expenditure this evening. He explained that the \$28,000 loss that was shown was preliminary, since they had not yet been reimbursed for the Tollgate Well and other items that were transferred on to the loan. He anticipated a total of \$300,000 combined in the checking and savings accounts. Mr. Cragun stated that once they receive the reimbursement, some of the money would need to be transferred to the checking account to pay bills.

Mr. Cragun noted that Carol had suggested that the Board discuss ways to spend the additional money prior to the end of the year. Mr. Cylvick stated that the money could be used as a retainer for Horrocks Engineering to engineer the new well. He has asked Carol to calculate the numbers.

MOTION: Cal Cragun moved to ACCEPT the profit and loss and the balance sheet as presented. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Trevor reported that they had fixed the cross plate that froze during Thanksgiving.

New tools were purchased for the shop to finish out the loan. Mr. Cylvick clarified that they had purchased a hydraulic hose press and he had authorized the purchase of \$2500 in hose fittings. The hose fittings and hose press will allow Trevor and Brody the ability to fix blown hoses.

Mr. Cylvick stated that he has given a lot of thought to sizing the line coming up Tollgate Canyon. He believed it should be sized with the idea that someday they could go as far as the Amoco well. He was concerned about doing a six inch line now and realizing later that they need an 8 inch line. Mr. Cylvick pointed out that since they know they have water in Tollgate and access to that water, they should make those accommodations. Bill George supported that idea.

Mr. George asked if they could do the line with the money they currently have through the loan. Mr. Cylvick replied that there was only \$40,000 left on the loan. He estimated that the total project cost to do the line would be \$500,000. Trevor pointed out that it will be a large and expensive project because it involves the booster stations. Mr. Cylvick suggested that they take the remaining money off the loan and have Horrocks Engineering do the engineering for Pine Meadows Drive and for Tollgate, assuming 400 gallons per minute. They need to prepare bid packages and send it out to bid to find out the actual cost and what the project entails. Once they have that information, they can discuss funding.

Miscellaneous Business

Cal Cragun commented on the health insurance. He noted that the current bill presented this evening was \$2,000 per month. In addition, the Water Company had originally contributed \$6,000 and then put in another deposit. He explained that they are limited by the Federal mandate as to how much they can contribute per year. Mr. Cragun stated that one employee used a small amount and the other went over his allotment. He stated that one problem with the Health Savings Account is that it does not work for the person who needs it and spends the money. It only works for the person who does not spend the money and uses it for an emergency. He pointed out that the Water Company has become the insurance company because they have to fund the Health Savings Account. If they factor in the \$12,000 on top of the \$2,000 per month, they end up paying a lot more than they would using another insurance company. Mr. Cragun noted that they can obtain the same plan from Select Health, completely insured, for a cost of \$1300 plus \$200 for dental. That is a \$500 savings from what they currently pay, without funding the additional \$6,000. Before the Board made a final decision, Mr. Cragun wanted to do a side by side comparison of the two plans to make sure Select Health provides the same coverage for the employees. He had brought the Small Employer kit so they could look at the information and begin the paperwork. Mr. Cylvick thought they should change to Select Health if the comparison was comparable.

Mr. Cragun reported that two realtors had contacted Carol regarding the purchase of two lots in short sale. Of the two lots in short sale, one lot was PI-D-5 and he was unsure of the other lot number. Mr. Cragun noted that Carol told the realtors that the Water Company would hold off foreclosing on the water shares if the buyer agrees to pay off the amount owed. If they foreclose on the water share, the buyer would be responsible for paying the balance, plus the reconnect fee. Trevor pointed out that Carol needed to complete negotiations before the end of the year. In January Lots D-25, D-5 and D-24 would become dry lots.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:15 p.m.

Minutes Approved

Date