

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JANUARY 12, 2012

SUMMIT COUNTY, UTAH

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

Ex Officio: Brody Blonquist, Trevor Townsend

Guests: Jeff Moses, Lot B-41

President Eric Cylvick called the meeting to order at 6:45 p.m. and welcomed Kelly Cox, the new Board member.

Minutes - December 9, 2010

MOTION: Cal Cragun made a motion to APPROVE the minutes of November 10, 2011. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Public Input

Jeff Moses, Lot B-41, stated that he had a water leak in January 2011, which he discovered through a drop in water pressure. He called the Water Company the next morning and Brody and Trevor verified the leak at a rate of approximately 15 gallons per minute. The meter was shut down and the water line was replaced. The leak was between the meter and the house.

Mr. Moses stated that his water bill was \$2327 and he was requesting the one-time reduction. He is a year-round resident and very water conscious. Brody confirmed that Mr. Moses had a leak and that it was repaired.

Mr. Cylvick was comfortable granting the one-time reduction. He advised Mr. Moses to make sure his water is shut off at the meter if he leaves his home for a significant length of time.

MOTION: Eric Cylvick made a motion to grant Jeff Moses, Lot B-41 a one-time reduction. Bill George seconded the motion.

Pine Meadow Mutual Water Company
Monthly Board Meeting
January 12, 2012
Page 2

VOTE: The motion passed unanimously.

Financials

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

MOTION: Eric Cylvick made a motion to APPROVE the profit and loss/budget versus actual dated January 2012. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the Balance Sheet.

Brody commented on the water meters that were pulled from lots that were delinquent in paying. He wanted to know how often that should be done since they had not pulled meters for a couple of years. Mr. Cylvick suggested that Brody check with Carol to see if there were outstanding accounts. If there are, the Board would make a decision at the next meeting on whether or not to pull the meters. He pointed out that Carol typically works with those who are trying to pay their bills. He requested that Carol send a detailed list of delinquent accounts so the Board would have that history when making their decision. If possible, he would also like personal history as to why an owner was not paying.

Mr. Cylvick noted that the Water Company assets were approximately \$5 million. There was \$522,000 in the bank. He was unsure how much of that amount was the first \$500,000 draw from the loan; but estimated that approximately \$200,000 was actual Water Company money.

Mr. Cragun noted that most of the money is held in Brighton Bank accounts. However, the savings is in a separate account at Zions Bank because the interest rate is higher. Money is occasionally transferred from Brighton Bank into the Zions Bank high-yield savings account.

MOTION: Eric Cylvick made a motion to APPROVE the balance sheet dated January 12, 2012. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Correspondence

Brody commented on correspondence from Mr. Spurier and noted that they were unable to find his meter. Brody and Trevor would try to find it by digging with the backhoe in the spring. Brody explained that prior to the time he started working for the Water Company, a number of people paid for a water meter connection but did not want the actual meter installed until they built a cabin. However, Jerry Rupert and Cameron never followed through and installed the meter. Brody stated that Mr. Spurier has a yard hydrant on his property and he assumed that the meter was installed approximately 28 years ago and was buried over time. Once they find it they would install a new meter.

Mr. Cylvick asked Brody to contact Mr. Spurier in writing. Brody should also request in writing that Mr. Spurier replace the line because it was probably bad.

Brody commented on correspondence indicating that Steve Nielsen was requesting a one-time reduction. Carol had noted that Mr. Nielsen was in good standing. Brody had spoken with Mr. Nielsen and understood that the leak had been repaired.

MOTION: Eric Cylvick made a motion to grant Steve Nielsen a one-time reduction of his water bill in the amount calculated by the Rules and Regulations. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Brody referred to correspondence received from Steve Treseder who questioned the accuracy of the water meter reading. Mr. Allred stated that he visits his cabin infrequently and one time he left his sprinkler on overnight one night to settle a new leveled area. The reading showed an excess usage of 5800 gallons over the allowed 15,000 gallons. Brody stated that if Mr. Allred left his hose on overnight it would exceed 15,000 gallons. He pointed out that Mr. Allred could be subject to a \$150 fine for using outside water.

Trevor noted that Mr. Treseder's meter reading was 43,950 gallons. They needed to cross reference the usage with last July for comparison to make sure it was not a typo. Brody remarked that the meters were read and verified by three different employees and Mr. Treseder admitted that he had left the hose running overnight. A garden hose under 35 psi will run 15 gallons per minute. Brody was unsure how the Board should respond because the meter readings were correct.

Mr. Cylvick remarked that Mr. Treseder was only making a statement and he did not require a response. Brody pointed out that since Mr. Treseder did not have a leak he was not eligible for a one-time reduction. Mr. Cylvick agreed that Mr. Treseder had no other option except to pay the entire bill.

Brody referred to correspondence from Al Anderson. Mr. Anderson felt discriminated against in terms of what he is required to pay as a part-time resident. He does not use 15,000 gallons and felt it was unfair to be charged the same as full-time residents. Bill George stated that Mr. Anderson had approached him with the same complaint. Mr. George told him to put his concerns in writing and send it to the Board. Mr. Anderson

has one lot with a cabin and another vacant lot. He lives in a house in Salt Lake.

Joel Allred had also sent a letter protesting what part-timers are asked to pay.

The Board concurred that Steve Treseder, Joel Allred, and Alvin Anderson should come to a Board meeting and discuss their issues. They may have legitimate concerns that the Board could address, but it could not be done through email. Mr. Cragun pointed out that the Board has very little leeway and can only act within the confines of the Bylaws, but they were willing to listen. Mr. Cylvick asked Carol to respond to Steve Treseder, Joel Allred and Alvin Anderson and inform them that it would be best if they would meet with the Board members to discuss their issues in person and to have the conversation on the record and in the minutes. She should also tell them that the bylaws are very specific and does not leave the Board much leeway or flexibility. The fee schedule was set up as a legal agreement when the Water Company was formed. The fees are based on metered or standby water and not full-time or part-time residents.

Mr. Cox asked if there was a per use basis in the bylaws. Brody replied that Alvin Anderson had requested a charge per gallon billing, but nothing in the bylaws address a per use basis. It is all based on an annual flat rate.

Bill George requested a one-time reduction on his water bill due to a leak in the bypass hose on the pressure pump in his basement.

MOTION: Eric Cylvick made a motion to grant Bill George a one-time reduction in his water bill. Kelly Cox seconded the motion.

VOTE: The motion passed unanimously. Bill George abstained from the vote.

Unpaid Bills

Brody reviewed the unpaid bills. Allwest and Catapulsion was the Internet. The bill from Coalville Auto and Farm Supply was chains for Trevor's truck. The bill from Horrocks Engineer was for the new well as part of the DDW loan, KGC Associates was Carol's services, Mountain States Water Works still showed a credit.

Brody questioned why Pine Meadow Water Company was paying itself. Mr. Cragun clarified that they are required to put money into a debt reserve fund on a monthly basis.

Brody continued with the bills. The bill from Revenue Recovery was the fee paid to the collection agency. Rural Water Association was an annual payment. Select Health was the health insurance premium. Summit County Public Health was for samples. TAK Technology was the new billing software. US Financial Life Insurance was the life insurance premium. Utah Local Government Trust was the Workers Comp insurance. Utah State Division of Finance was the monthly payment on the loan.

MOTION: Eric Cylvick made a motion to pay the unpaid bills dated January 12, 2012 in the amount of \$41,434.53. Hutch Foster seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Brody reported that Pine Meadow Mutual Water Company was named the most improved water system for 2011 in the State of Utah.

Brody reported that the new meters were installed and they are read once a month. Everything is working fine; however, they are missing seven meters on the report that were typed incorrectly. Those meters are being corrected on Wednesday. Additional minor things still needed to be corrected. The system works great and they have found continuous leaks, four of which were yard hydrants. Brody had purchased a stethoscope that enables them to test the yard hydrants. They have been able to help owners find leaks and shut them off. Brody stated that other than minor issues the meters work great and he was very pleased with them. They read the meters once a month unless something shows up on the history trend that requires them to be read sooner.

Brody reported on a leak they found down Tollgate Canyon. They were still trying to identify the source of the leak but they had isolated the location. Brody stated that currently three customers were out of water. One customer is full-time and has water tanks. If they repair the leak it would require them to come outside of the pump house and find the line and install a new valve. The problem is that the power line, the pump line and everything else is laid in one trench and close together.

Mr. Cylvick asked if the leak was in the pump line. Brody replied that it was a leak on the feed line.

Brody was confident that the leak could be fixed, however, the pump line is Driscoll line

and if they hit it, they cannot repair it. If that happens they would be out seven gallons per minute for the rest of the winter. In addition, if the pump line is laid too close to the PVC line he was unsure if they would be able to repair the leak. His concern was the ability to have someone come up and fix the Driscoll line during the winter if it was hit. Trevor stated that in addition to the lines being too close together, it would be a problem if everything is on the downhill side. If the feed line is on the uphill side and the pump line is on the downhill side, they would not be able to 90 it without digging really far back to make the feed line lower to go underneath. Brody thought they should do some exploratory digging to see what they find. Mr. Cylvick thought they should try to fix it. If the Driscoll line breaks they would deal with it, but it was important to get water to those three customers.

Brody asked the Board to discuss purchasing a new computer. The current computer is already maxed out with the telemetry and more telemetry would be added this spring with the new well. Brody thought it was better to purchase a computer now so it is ready for spring. Brody suggested that the computer could be purchased with loan money because it is necessary for the new well. He believed the cost of the computer would be less than the cost for Phil to transfer all the data to the new computer.

Mr. Cylvick stated that he and Brody would start shopping for a computer. He suggested that Brody ask Phil for his recommendation. In addition to the computer, Brody would like to purchase a larger battery backup.

Miscellaneous Business

Mr. Cylvick reported on a letter he received from Debra Rakes suggesting that the financials be posted on the website. He asked if any of the Board members were opposed to posting the balance sheet. Mr. Foster noted that the Owners Association received the same request and he would be posting their financials on the HOA site. Mr. Cylvick emailed Ms. Rakes saying that her watchful eyes would be appreciated. The Board members were comfortable posting the balance sheet. Mr. Cylvick would talk to Carol.

Mr. Cylvick stated that he started moving forward with Ted Barnes and Dave Dillman regarding the easements. He asked Mr. Barnes to write up the legal easements and get them signed for the I-Plat bypass and Tollgate.

Bill George wanted to know when the Board wanted to hold the annual dinner for Trevor and Brody. He suggested that instead of having it at his house again this year that they

use his membership at the Jeremy Ranch Golf Course for dinner. Mr. Cylvick asked Mr. George to pick a Wednesday night and email the date to everyone. He thanked Mr. George for making the offer.

Mr. Cox stated that he travels a lot and he would be gone two weeks in February. He would not be in town for the next scheduled meeting on February 9th. Mr. Cox asked if he would be able to participate in the meetings via teleconferencing. Mr. Cylvick pointed out that if three members are present they have a quorum. He did not want Mr. Cox to feel like he needed to call in if it was not convenient.

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

Minutes Approved

Date