

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, May 10, 2012

SUMMIT COUNTY, UTAH

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

Ex Officio: Brody Blonquist, Trevor Townsend

Bill George was excused.

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

Minutes – April 12, 2012

MOTION: Cal Cragun made a motion to APPROVE the minutes of April 12, 2012 as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody reviewed the unpaid bills. Allwest Communications and Catapultion was the Internet. Horrocks Engineers was engineering work on the well. KGC Associates was Carol's services. Mountain States Water Works still showed a credit. Brody expected to use the majority of that credit this year. Pine Meadow Mutual Water Company was money retained in a debt reserve fund. Select Health was the health insurance premium. Utah Division of Finance was the monthly payment on the loan. Verizon Wireless was for the cell phones.

Brody presented the most current bill from Armstrong Drilling Services. Brody stated that there were two invoice numbers. The first was #2345 and the second was #2348. The payment due was \$163,685. Brody pointed out that the amount also included a 5% retainer in the amount of \$8,615, which the Water Company holds until the work is completed.

MOTION: Eric Cylvick made a motion to pay Armstrong Drilling for Invoice #2345 and Invoice #2348 in the total amount of \$163,685.00. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

MOTION: Eric Cylvick made a motion to pay the unpaid bills in the amount of \$193,360.13. Kelly Cox seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. Cylvick asked about anticipated water connection fees. Brody had not heard of any potential connections.

MOTION: Eric Cylvick made a motion to APPROVE the profit and loss/budget versus actual dated May 9, 2012. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. There were no questions or comments.

MOTION: Cal Cragun made a motion to APPROVE the balance sheet dated May 9, 2012 as presented. Kelly Cox seconded the motion.

VOTE: The motion passed unanimously.

Correspondence

Brody clarified that Lot D40, Wade Doty had a leak on his side of the meter and it was repaired it.

MOTION: Eric Cylvick made a motion to give Wade Doty, Lot D40, a one-time reduction of his water bill. Kelly Cox seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed correspondence from Bob Merrill. Trevor verified that the hydrant was sealed and the leak was fixed. He thought the \$500 receipt submitted to the Board was false and suggested that Mr. Merrill was trying to get money from the Water Company. Trevor stated that he had fixed the leak by tightening and adjusting the

connection. It did not require any digging or filling. Since the leak was fixed Brody suggested that the Board allow Mr. Merrill the one-time reduction.

MOTION: Eric Cylvick made a motion to give Bob Merrill a one-time reduction of his water bill. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Brody and Trevor were still reading meters. All the meter equipment was running well and they have been providing monthly readings to Carol since December. Brody reported that the continuous leak feature works great. When they first started installing the meters they had approximately 10 people on the continuous leak list. He pulled the list before the meeting this evening and there were only two people on the list. Brody stated that he contacted both owners numerous times to let them know they have a leak, but no one has responded. Once contacted the owner has the responsibility to fix the leak. If it is not a large leak the Water Company does not shut off the water. They only shut down for large leaks. The two current properties, Lot 2 and Lot D-5 have very minor leaks. He assumed they would have 80-90,000 gallon bills at the end of the year. Brody stated that he and Trevor log and make every effort to inform the owner when they find leaks.

Mr. Cylvick asked for discussion on whether they should shut off the water for the two small leaks. Brody did not think they should because both owners were full-time residents and they had been informed. Once the Water Company informs them of the leak, the owner is responsible for getting it fixed.

Mr. Cox wanted to know how the owners are informed. Brody replied that Carol personally calls the owner and then follows up with a letter indicating that they were notified. Mr. Cylvick asked how Mountain Regional handles those situations. Brody stated that Mountain Regional does nothing beyond billing for the water usage. Brody pointed out that the new meters saved eight people from having excessive water bills. The two who were left were notified earlier in the year and have chosen to ignore the leak.

Mr. Cylvick believed that if the Water Company finds a leak and they are not able to physically talk to someone quickly, the water should be shut off. Brody noted that he spoke with both owners from his cell phone and Carol has documented her

correspondence. That is the normal procedure for all owners every time a leak is discovered. Mr. Cylvick stated that if Brody, Trevor or Carol are not able to physically talk to an owner to verify whether they want their meter shut off or left on, it should be shut off. If an owner requests that it be left on, that request should be documented.

Brody was concerned about legal repercussion if water is shut off without owner approval, particularly for full-time residents. Mr. Foster pointed out that the owner would still have the ability to turn the meter back on. He believed shutting off the water would be a courtesy to the owner. Mr. Foster suggested a zip tied tag with a duplicate copy. They could write a tag that says, "The water system indicates that you may have a constant leak which could be potentially expensive or damaging to your residence. We are turning your meter off. If you choose to turn it back on, that is your responsibility". One copy would be tagged on the meter and the duplicate copy would be filed.

Brody stated that he does not like to shut off meters because most owners do not know how to turn it on. He has to go back to turn on the meter and it usually results in a confrontation. Trevor pointed out that when some owners tried to turn on their meter they broke off the valve. He and Brody had to dig up the meters and replace the meter set. Brody was willing to follow whatever procedure the Board preferred. Trevor clarified that during the winter they do shut off meters for part-time residents and notify the owner that the meter was shut off.

Mr. Cox emphasized the importance of creating a paper trail to protect the Water Company. Phone calls can be denied but written documentation is hard to argue. Mr. Foster remarked that calling the owner was the right thing to do, but it should be followed up by a certified letter. The signed returned receipt could then be filed as the paper trail.

Mr. Cylvick suggested the possibility of sending a certified letter every month until the owner responds. Brody favored that idea.

MOTION: Eric Cylvick made a motion that if a continuous leak is found and it is not large enough to impact the water system, the first step would be to call the owner immediately and continue to call until personal contact is made. All calls should be documented and the date of personal contact should be documented. In addition to the phone call, a certified letter would be sent with the amount of usage; followed by another certified letter every 30 days with updated usage until the leak is fixed. Brody and Trevor have the discretion to determine whether or not to shut off a meter when a leak is detected.

NOTE: The Board continued with their discussion and failed to second the motion or vote.

Since the meters are read every 30 days, Mr. Foster suggested a quarterly billing cycle. He believed an annual billing cycle leaves people open to being surprised if they have a leak. Mr. Cylvick thought a monthly certified letter was a better approach. It would be expensive to bill everyone quarterly, but those with continued leaks would be notified and updated every 30 days.

Brody reported that the water system is very tight and they have been running off Bobcat Springs for the last three weeks.

Mr. Cylvick understood that during the winter they thought there was a seven gallon per minute leak on Navaho. Brody clarified that once they started shutting down some of the homes the history trend went flat. Trevor stated that they fixed five yard hydrants that were leaking. Mr. Cragun asked if the yard hydrants should be removed if they are not in use. Brody stated that he tells everyone with a yard hydrant to get it out of the ground because it serves no purpose.

Brody reiterated that currently they were running off Bobcat and Contact. He estimated that Bobcat was producing approximately 5 gallons per minute. He knew for certain that Contact was running at 5 gallons per minute. The water system was running great. Brody reported that they still needed to do minor repairs on a few PRV's.

Brody noted that the well was drilled to 510 feet and it was cased and gravel packed. They are now in production mode, which is the process of flushing water out of the well to clear out the mud so the water can start free flowing again. Production mode can take from 3-5 days, after which a test pump would be brought in to see how much water the well pumps. Brody thought they should know the well production by the end of the following week.

He would email the Board members with the result.

Mr. Cylvick noted that the well was drilled to 380 feet when they did the test hole last year. This year it was spec'd to 510 feet. They hit rock from 380 feet to 460 feet, but they kept drilling through the rock into a clay layer from 450 feet to 510 feet. Mr. Cylvick reported that the well would be perf cased all the way down to 480 feet, where the rock ends. Solid pipe would be installed below that point into the clay. He noted that they were able to drill 80 feet more than last year past the fractured rock to where the water

appears to be.

Mr. Cylvick estimated the total cost of the well to be \$250,000.

Brody commented on replacing the computer in the office. He noted that the Board talked about it at a previous meeting and said they would discuss it further through email. Brody had researched prices and the one that would work with the telemetry was approximately \$5800. The problem is that the Software program is outdated and needs to be updated. Brody stated that the Software needs to be updated regardless of whether or not they purchase a new computer. The computer that Phil recommended is a three hard drive computer. It runs on one hard drive but saves on to another hard drive. If the computer ever crashes the hard drive could be pulled out and placed in a new computer. Brody pointed out that the old computer has no backup at all. If that computer crashes they would have no way to recover the information. Brody was concerned that the computer was on the verge of crashing. Mr. Foster pointed out that a terabyte hard drive is \$150. They could purchase two terabyte drives and plug it into any computer for backup capacity. Brody clarified that \$4,000 of the estimated \$5800 was for updated software.

Brody requested to purchase a digital scale for the chlorine at Bobcat Springs so it will read back to the telemetry system. The digital scale is \$900. Trevor noted that they have to keep a daily log of chlorine usage and do a monthly chlorine report. They need to count how many gallons of water are treated, how many pounds of chlorine they treat, and the chlorine residual levels. The State is requiring all community water systems to abide by the new Chlorine Disinfectant By-product Rule by 2015, which monitors the amount of chlorine in the system.

The Board discussed the computer purchase. Brody clarified that the computer did not need to be purchased through Phil. However, he wanted Phil involved because he is their telemetry person and he knows the system.

MOTION: Eric Cylvick made a motion to APPROVE the proposal to upgrade the computer system hardware, and Software Program, In Touch License upgrade, and hardware and software installation and labor for \$5,807 to Apco Inc. Hutch Foster seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick noted that the computer purchase would be paid from the loan.

The Board discussed the need for a chlorine scale. Mr. Cragun thought they should wait until they see what the Tollgate well produces. If they are able to shut down Contact and Bobcat they would not need to chlorinate. Brody was unsure if the State would just let them shut down. Trevor believed that because they started chlorinating as a community water system the State would make them continue treating the water. As a safety measure, Mr. Cylvick thought it was important to have low levels of chlorine in the tanks to kill any bacteria.

MOTION: Eric Cylvick made a motion to purchase a gas chlorinator scale that would be tied into the telemetry system for \$975. Kelly Cox seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick noted that the gas chlorinator scale would be paid from the loan.

Mr. Cylvick handed out copies of the easements and the Memorandum of Understanding. He asked the Board members to review the documents and email him by Monday with their comments or approval, and he would send signed copies to all parties.

Mr. Foster thought there should be a clarifying definition for metered use in the MOU for five years without billing for metered use as a form of compensation. Mr. Cylvick read the language as it was written and explained that it specified metered assessment, not metered use. Mr. Foster suggested making a distinction between base usage and over usage.

Mr. Foster asked if Ted Barnes had given Carol a copy of the Quit Claim on the Tollgate right-of-way for the next Owners Association Board meeting. He requested that he have that information to present to the Board the following Tuesday. Mr. Cylvick would forward the information to Mr. Foster via email.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:43 p.m.

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Minutes Approved

Date