

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, MARCH 21, 2013

SUMMIT COUNTY, UTAH

Board Members in Attendance: Cal Cragun, Bill George, Kelly Cox (via telephone) - Board members

Ex Officio: Brody Blonquist, Trevor Townsend

Eric Cylvick was excused. Tony Tyler arrived later in the meeting.

Guests: Keith Trickett, an off-Ranch owner on Forest Meadows Drive.

Cal Cragun called the meeting to order at 6:30 p.m.

Minutes – February 14, 2013

MOTION: Bill George made a motion to APPROVE the minutes of February 14, 2013 as written. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. Allwest Communications and Catapultion were for the internet. APCO Incorporated was for telemetry work on the lower Tollgate Well. The bill from Chesley Electric was for new lights in the shop. Clyde, Snow and Sessions were legal fees. Ferguson Enterprise was for parts. Horrocks Engineers was for engineering on the new line. Brody noted that the charge should be reimbursed from the DDW loan. KGC Associates was for Carol's services. VanCon was for the new well site down Tollgate Canyon. Pine Meadow Mutual Water Company was the required escrow account on the loan. Select Health was the health Insurance premium. The bill from Suburban Propane was the yearly rental on the propane tank. The Utah State Division of Finance was the monthly loan payment to the State. Verizon Wireless was for cell phones.

Brody explained that the amount they were being asked to pay VanCon was \$94,354. The Water Company would not release the retainers until the job is completed. The job

is 98% complete but they still needed to come back and clean up around the well site and do asphalt patch repair.

Mr. Cragun asked if the APCO bill and the bill from Clyde Snow and Sessions should go on the DDW loan. Brody replied that the APCO bill should go on the loan. He was unsure about Clyde Snow and Sessions. He assumed the charges were related to the letter the attorney had written to the owners at Aspen Ridge at Mr. Cylvick's request.

MOTION: Cal Cragun moved to pay the unpaid bills as presented. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual. Brody noted that since they were only three months into the year there was very little activity or expense.

Mr. Cox stated that in the future, if he is out-of-town and participating via telephone, he would like to have the financials emailed to him so he would have the opportunity to review them.

MOTION: Cal made a motion to APPROVE the profit and loss/budget versus actual dated March 21, 2013. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cragun noted that the credit unions were getting more aggressive with interest rates and he would check to see if the bank rates had increased. The money market at the bank was currently .2%. If their bank has increased their rates he would transfer money to the higher yield.

MOTION: Cal Cragun made a motion to APPROVE the balance sheet as presented. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board did not anticipate any further motions or approvals and Kelly Cox

**disconnected from the meeting.
Public Forum**

Keith Trickett stated that he came to the Board meeting with questions after receiving a letter from Horrocks Engineering regarding the Amoco well. He lives off the Ranch on Forest Meadow Road and he is not part of Aspen Ridge. Mr. Trickett stated that in 2000 he purchased a 10 acre lot with a house on it. A year later he purchased the 20 acre lot closer to Oil Well Road from Axel. Originally that was going to be part of the Aspen Ridge Ranches. Mr. Trickett stated that the water associated with that lot was designated as part of the Amoco well; however, he chose to drill his own well. He does not take water from the Amoco well, but he is downstream from it.

Mr. Trickett stated that after receiving the letter from Horrocks Engineering he was talking to John Foster who mentioned that the Water Company was talking about producing a significant amount of water from the well. Quoting a technical term used by English engineers, Mr. Trickett remarked that the water table in that area was “pretty sh***y”. The well that he purchased with his house is more or less dry. He had not abandoned the well but its delivery rate is approximately 5 gallons per hour. He had to build a special system to live off of it until he eventually drilled his own well. Mr. Trickett stated that his well was drilled to 700 feet, so the bottom of his well is approximately at the same point as the bottom of the Amoco well. That is how he knows the water table is minimal.

Mr. Trickett understood from the letter that the goal was to produce more water out of that point of diversion because the Water Company is one of many who have the right to draw water in that area. He personally has two points of diversion that have been registered.

Mr. Trickett was concerned that if the Water Company draws excess water, which is likely, it would affect his well production. He wanted to know their intent, how it would affect him, and how they could all work together.

Brody told Mr. Trickett that the Amoco well was originally deeded to the Water Company and they have rights to the well. Three wells were drilled in the late 1970's, early 1980's. At that time the Ranch Association and the Water Company were one company and all three wells were deeded to the Pine Meadow Ranch Association. When the wells were deeded, as part of the agreement the Water Company given the water rights. Brody stated that to this day they do not know what happened to the Amoco well and

why their water rights were moved away from that well. They were still on the property but not over the top of the well. Brody agreed with Mr. Trickett that others besides the Water Company have rights. Their intent is seeing how much water that well produces.

Tony Tyler arrived.

Mr. Trickett wanted to know who physically owns the well head and the well. Brody replied that it was the Pine Meadow Ranch Association. Mr. Trickett assumed that they did not own the pump, etc. Brody replied that this was correct. Mr. Trickett asked if this was being contested because he had heard different statements from various people. Brody stated that it was contested by Axel and basically a matter of "the well is on my property and I'm going to take it". Brody reiterated that the well was on Axel's property but it was deeded to the Ranch Owners Association, and that was the issue. Mr. Trickett asked if Pine Meadow had access to the well. Brody stated that access was still an unanswered question. They were just starting to look at the details and whether the deed allows a certain right-of-way or legal easement on that property.

Trevor Townsend stated that the Water Company has been looking into the well for over two years and had researched all the information. They found out they had rights and that it was actually deeded to Pine Meadow Ranch, but Axel was trying to sell it at the same time. Their points of diversion were 13 feet from the well and they actually moved them on top of the well head to make sure they could secure a portion if they ever needed water out of it. Trevor remarked that this has been an ongoing process for two years and they were still unsure if they could access it because it is on private property. Brody reiterated that they were still trying to figure out the details of the deed agreement.

Brody had the original well log and the well supposedly yielded 102 gallons per minute. He was not willing to accept that as fact, because in the past people would just write down a number. Mr. Trickett stated that based on his own well logs, 102 gallons per minute bears no relation to fact. Brody explained the process and timing to establish well production.

Mr. Trickett stated that when he purchased his property he bought 2 acre-feet of water from Axel, which he then transferred down to his well. At that time Axel had more than 40 acre-feet. There were 15 lots and he believed Axel gave 2 acre-feet to each lot and kept some for general use.

Brody stated that currently the Water Company was only interested in seeing how much the well yields. If it yields a high number, they would be interested in getting the water and bringing it to their water system.

Mr. Trickett restated his concern that the water table is low at that level, which is why he was interested in understanding their intent. Based on the letter from Horrocks Engineering, just the process of testing could have a significant impact. If there is a risk that private wells could run dry, he thought the engineers or the Water Company should arrange to have a water tank available. Brody was unclear why Mr. Trickett would be affected because he was not tied to the water system. Mr. Trickett was concerned about limiting the ability of the aquifer to deliver water to his well 1,000 feet away.

Mr. Trickett stated that he had responded to the letter from Horrocks Engineering, and he basically said that he did not care what they do, but if he is inconvenienced he would hold them liable for every bit of inconvenience. If they want to run a test that could run his well dry, they should have the decency to plan ahead and be in the position to take care of the neighbors in case something goes wrong.

Brody suggested that the Board discuss Mr. Trickett's concerns at the next meeting with Mr. Cylvick. He informed Mr. Trickett that they were still several months away from testing the well. Mr. Cragun stated that Eric Cylvick would have time to read the minutes and understand the discussion this evening. Mr. Cylvick has done most of the research and he would be in a better position to address Mr. Trickett's questions.

Mr. Trickett understood that the Water Company was on a limited time frame because of funds that would expire. Time was not on their side, and it was against the logic of the situation since summer is the best time to test the well.

Brody asked if Mr. Trickett had sent a copy of his letter to Eric Cylvick. Mr. Trickett replied that he had copied Mr. Cylvick. Tony Tyler noted that Mr. Trickett had attended the Owners Association Board meeting and had given him a copy as well. Mr. Cragun encouraged Mr. Trickett to attend the next Board meeting on April 11th. Mr. Trickett thought he might be away that week but he would try to attend if possible. Brody offered to send Eric Cylvick an email to let him know that Mr. Trickett had come to the Board meeting and that further discussion was tabled to the next meeting.

Mr. Trickett left the meeting.

Manager's Report

Brody reported that they had to thaw a couple of freezes. A main line had frozen on Forest Meadow Road but they were able to feed it another way. Four people had frozen connections. Some were due to the lines draining off and not having circulation. Currently everyone has water. Brody noted that a pump went down at the Contact tank and it was replaced today. There was not much else for him and Trevor to do until the snow melts

HOA Report

Mr. Tyler reported that the Owners Association Board was getting close to approving an agreement with Deer Meadows. The Board had voted to handle a final decision by email because it could then be ready before the next meeting. There was Board support for the proposal, in addition to the neutrality they had before.

Mr. Tyler noted that Deer Meadows was Doug McAllister's property. He originally proposed 8 lots and then went to 21 lots and now the current proposal is back to eight (8) lots. It is a neutral density proposal in terms of the entire area. Mr. McAllister is proposing to take lots from the existing Pine Meadow/Forest Meadow Ranch, purchasing the development rights and moving the development rights to his lots in Deer Meadows. The lots that he purchases development rights from would never be developed within the Ranch and those lots would forfeit their water share. For that reason, the development would also be a net benefit to the Water Company.

Mr. Tyler noted that Mr. Trickett had also attended the HOA Board meeting. Mr. Tyler explained to him that the Owners Association and the Water Company were two separate entities and he had suggested that Mr. Trickett attend the Water Board Meeting this evening.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:17 p.m.

Pine Meadow Mutual Water Company
Monthly Board Meeting
March 21, 2013
Page 7

Minutes Approved

Date