

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JUNE 27, 2013

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Bill George, Kelly Cox

Ex Officio: Brody Blonquist, Carol Steedman

Guests: Pam Davis, Lot FM-B-29-1

President Eric Cylvick called the meeting to order at 6:30 p.m.

Minutes – May 21, 2013

Cal Cragun referred to page 6, 4th paragraph, and corrected the minutes to add the last name to reflect Kim Klopp as the realtor. Mr. Cragun also corrected the word “off” to “offer”.

MOTION: Bill George made a motion to APPROVE the minutes as corrected. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Public Comment

Pam Davis, Lot FM-B-29-1, stated that in 2011 she purchased a lot on Forest Circle Drive. It was a foreclosure property that was for sale. Ms. Davis was in attendance to discuss a few issues with the Board. The first issue related to charges on the property that she believed should not have been included. She paid a final water bill at her closing in September and she understood that the meters were read in October. She explained that water usage was associated with the cabin due to a leak. Ms. Davis stated that prior to closing someone usually does a final reading before the final bill is paid.

Mr. Cylvick asked if the water leak occurred between the previous reading and when the meter was read when she purchased the property. Ms. Davis explained that she purchased the property and closed on September 9, 2011. What she understood from Carol was that the water meters are read in October. Brody clarified that the meters are actually read mid-September. Ms. Davis felt that the amount she paid at her closing in

September should have been the final amount. She had documents showing that there were meter readings after the fact. Ms. Davis contested the charges based on the fact that she should not be responsible for usage that occurred previous to her actually purchasing the property.

At her closing she had paid what the PMRHOA and the Water Company had sent in as the final settlement, which were the pro-rated charges for the seller to pay and pro-rated charges for the buyer to pay. The charges were identified as "through 2011" and the burden should not be on her if the Water Company had not read the meter before the final settlement amount was sent to closing. Ms. Davis was aware of the extensive leak because the seller had to repair it before she could close the loan.

Ms. Davis stated that the second issue was the fact that as a buyer on the Ranch, the HOA was dealing with the sellers Title Company looking for billing information for the new buyer. She understood that there appeared to be a misrepresentation of the right address for her. As the HOA and the Water Company was trying to find her and bill her for her water usage in 2012, those bills never reached her. Ms. Davis stated that she took position of the property in September of 2011 and in January or February she sent an email from the Ranch website informing the HOA that she was a new property owner and she needed a parking sticker. She sent the email but never heard back. She came up to the Ranch several times throughout the summer, and in October of 2013 she realized she had never received a bill for water or HOA fees since she moved.

Ms. Davis stated that she sent another email to the Ranch website to Matt Brown, her area rep, expressing an interest in being on the extended plow route. In the email she also asked Mr. Brown to help her find out why she never received a bill and what she should do. Ms. Davis pointed out that nothing was resolved from that email.

Ms. Davis stated that she closed her cabin for the winter and still never heard from anyone. In the meantime, the HOA and the Water Company was trying to find Pam Davis, and they were sending notices and bills to other Pam Davis' who were the wrong people. She noted that Carol had given her all the returned notices and invoices as well as other documentation showing their efforts to find her. Ms. Davis appreciated the effort to find her. However, she was confused as to why on September 8, 2011, when Empire Title was talking to Carol and trying to get the final payoff, they were not asked about an address. Ms. Davis stated that Empire Title had that information and she was unsure why it was not delivered to the HOA or the Water Board.

Ms. Davis remarked that it turned into a big saga. Pam Davis appeared to be circumventing the collection company and was trying to avoid paying her assessments; however, that was not the case at all. Ms. Davis presented a copy of her credit report to show that she has an A+ credit score and she protects that status by paying all her bills on time.

Ms. Davis asked when a delinquent account becomes visible to the Water Company Board and the HOA Board, beyond Carol's purview. Mr. Cylvick replied that the Board voted on a policy to send any account to collections that has not paid their assessment in a year or made payment arrangements. He noted that this is a volunteer Board and they do not have the time to review each account separately. Mr. Cylvick stated that the Board does not think any less of people who are delinquent and they do not slander anyone, and he did not want Ms. Davis to have that perception. Brody informed Ms. Davis that she was not an isolated case. He also was always sending Carol names of property owners who said they were never billed for a variety of reasons.

Ms. Davis appreciated that the Board recognized that people do fall through the cracks. Mr. Cylvick informed Ms. Davis that it was not the Water Company falling through the cracks. The property owner or shareholder has the responsibility to personally provide a good address for billing purposes per the bylaws. Ms. Davis asked to see the policy that stipulates responsibility. Mr. Cylvick replied that it was in the bylaws and Mr. Davis could read through it. Ms. Davis questioned why Carol would request that the title company send new owner information if the owners have the responsibility to provide it. Ms. Steedman stated that she requests it as a courtesy to the title company.

Mr. Cylvick understood that the issue occurred; however, the problem was on the side of Ms. Davis and the title company and not the Board. Ms. Davis explained why she disputed his comment. Carol pointed out that she was given an address but it was only the site address. Ms. Davis asked why Carol did not contact the title company again when she realized the address was her Ranch address and not her home address off the Ranch. Mr. Cylvick remarked that there are 835 shareholders and they do not have time to track people. Ms. Davis wanted to know what level of service she should expect from the Board. Mr. Cylvick reiterated that this was an unpaid volunteer Board and they have a policy for handling these types of situations. He asked Ms. Davis if he was correct in assuming that the Owners Association Board told her the same thing when they refused to waive her late fees and finance charges. Mr. Davis replied that he was correct.

Ms. Davis reiterated that she had sent an email through the Ranch website, and Carol told her over the phone that there were changes in Board positions at that same time and it was possible that her email was not given to the appropriate person. Carol clarified that her comment referenced the PMRHOA Board and not the Water Board. Ms. Davis stated that she had made the effort to send the email, and if it was given to the wrong person she did not understand what they expected her to do.

Mr. Cylvick stated that Ms. Davis has the responsibility to contact Summit County to make sure the County has the correct billing address for the tax billing, and then contact the Ranch to make sure they have the correct billing address. Mr. Cylvick personally believed that the full amount was due. Ms. Davis remarked that she should only owe the amount that was on her funding document; but they were now billing her for more than that amount. She was not disputing the 2012 charges but she did not believe it was fair to charge her for a leak that occurred in 2011 and invoiced in 2012. Mr. Cylvick asked what amount Ms. Davis was claiming was the leak. Ms. Davis noted that there was a balance forward of \$1109.48 that was billed on January 3, 2012. When she and Carol talked she was told that the meter was read in October 2011 for usage in 2011 and invoiced 2012. Ms. Davis was disputing the \$1109.48. Carol pointed out that the invoice Ms. Davis paid at her closing in 2011 was for 2010 usage and it was unrelated to the bill she was disputing because 2012 had not been prepared yet. Ms. Davis noted that her bill had the dates of 1-1-11 to 12-31-11. Carol reiterated that it was for 2010 usage and 2011 invoice. She questioned why the Water Company would bill a year after the fact. However, if that was the case, then she was not delinquent because she purchased her property in 2011 and her 2012 charges should be due now.

Carol reviewed the charges and explained that the 2011 invoice was paid at closing. Mr. Cylvick clarified that the bill for 2011 was \$807.00 and that had been paid. Ms. Davis indicated that the \$807.00 came from what she paid and the seller paid at the closing. Her pro-rated portion was \$196.29. She could not understand why \$1109.48 was still outstanding.

The Board discussed the breakdown of the bill with Ms. Davis. Mr. Cylvick needed to do more research on the actual charges, but at a minimum, Ms. Davis needed to pay for 2012 \$712.48 plus the finance charges and late fee. Ms. Davis stated that she had already paid the 2012 invoice and she had cancelled checks as documentation. Bill George stated that he had just received a phone call from Frieda with Revenue Recovery, who was concerned that the Board may not have all the information they needed to have this conversation with Ms. Davis. Frieda indicated that she had tried

numerous times to get an address for Ms. Davis. Mr. George questioned why Ms. Davis was so secretive about her address. Ms. Davis replied that there was nothing secretive. She assumes that Frieda did not start looking for her until after she had finally made contact with Carol. Carol stated that it was Revenue Recovery who skip traced for nine months prior to when Ms. Davis contacted Carol. Ms. Davis disagreed and requested to see phone records because she never received calls from Revenue Recovery prior to that time.

Mr. George stated that he had informed Frieda that Ms. Davis was at the meeting and he would ask for her for her billing address.

Mr. Cox believed that there was confusion regarding the charges, billings dates and timing and he thought the Board should have the opportunity to sort through the facts. Ms. Davis was not opposed to giving the Board additional time, but she was still not satisfied with the gap in how the HOA brings in a new owner. Mr. Cylvick informed Ms. Davis that this was the Water Company Board and they would not discuss HOA matters. Ms. Davis understood, but pointed out that Carol represented both Boards and she was involved with this issue on both sides.

Mr. Cylvick asked Ms. Davis to make a concise argument and consolidate her documentation on one sheet so he could understand her point. He would review the billings and try to determine whether there were any discrepancies. Ms. Davis stated that she was not trying to be argumentative, but she could not understand why she was being charged so much as a part-time resident. She was certain that a mistake was made somewhere and she appreciated that the Board was willing to take the time to sort it out.

Mr. George asked Ms. Davis to write down her billing address. Ms. Davis noted that she had included her address on the packet she had given each of the Board members.

Ms. Davis stated that she would send the Board copies of her exchange with Matt Brown, her area rep. For the record, she also stated that Dan Heath plowed her property in March of 2012 and she paid him with a check with her address on it. Empire Title had sent her the warranty deed with her correct billing address in Salt Lake City and Carol had also been in contact with Empire. Ms. Davis reiterated that she was unsure why no one had her right address when it was available in so many cases.

Ms. Davis asked for the relationship between the HOA and the Water Board with

Revenue Recovery. Mr. Cylvick stated that both the Owners Associations and the Water Company use Revenue Recovery for collecting delinquent accounts. Ms. Davis asked if the people who own Revenue Recovery own property on the Ranch. She was told that they were only hired to do collections. Revenue Recovery has no other relationship with the Ranch. Ms. Davis stated that the last time she talked to Carol on the phone, Carol told her that she could reduce some of the charges. Carol noted that she had made the reduction. Ms. Davis was trying to figure out who has the authority; Carol, the Board or Revenue Recovery. Mr. Cylvick stated that if Carol sees an error in how something was billed she has the authority to make those changes. However, with issues like this one with Ms. Davis, the Board makes the decision.

Ms. Davis wanted the Board to consider that there may not be a single individual at fault in this situation. She would contact Frieda herself and request phone records because she had never received a call from Frieda prior to talking to Carol. Brody told Ms. Davis to use the Water Company website when she needed to contact the Water Company because the HOA does not respond to water company matters. The same applies when the Water Company is contacted regarding HOA matters. They are two separate entities.

Ms. Davis stated that money was less of an issue than her credit rating and her credit was at stake. Ms. Davis thanked the Board for their time.

Ms. Davis left the meeting.

Unpaid Bills

Brody reviewed the unpaid bills. Allwest and Catapultion were for the internet. Chem-Tech Ford were for samples on the water system. Clyde Snow and Sessions were legal fees. Dura-Crete was for a riser for a tank at Bobcat Springs. The bill from Horrocks Engineers was for all the new projects. KGC Associates was for Carol's Services. Loughlin Water Associates was for work with Bill Loughlin.

Mr. Cylvick clarified that the bill from Loughlin Water Associates related to the Aspen Ridge well and a potential exploratory well at the bottom of Tollgate.

Pine Meadow Water Company was the escrow required by the State. Revenue Recovery was collection fees. Rocky Mountain Power was the monthly power bill. Select Health was the health insurance premium. Utah State Division of Finance was

the loan payment. Valcon Tech was the retainage. Verizon Wireless was for cell phones.

Brody noted that Valcon Tech had met with the engineers to see what work needed to be completed to get the retainers. They still needed to fix the asphalt by the power transformer and put the silt fence back up.

Carol noted that 35% fee to Frieda was for the \$1424.96 partial payment received from Pam Davis and FM-B-29-1 to cover her portion that was collected. The Water Company received the full amount and the fee is reimbursed to Revenue Recovery.

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. He noted that they were only at 90% of assessments collected, and he assumed it was because a number of people were making credit card payments. Carol thought 90% was still good for the first six months. Mr. Cylvick agreed, but noted that it was less than the 94% this time last year. Mr. Cylvick indicated the amount billed for excess water usage over what was budgeted. The insurance for Directors and Officers was higher than the budget due to premium increases. Mr. Cragun asked if the D&O was still an umbrella under the main insurance policy. Carol answered yes.

Carol noted that the numbers would adjust slightly to reflect the sale of the trackhoe.

MOTION: Eric Cylvick moved to APPROVE the Profit and Loss/Budget vs. Actual dated June 27, 2013. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet.

MOTION: Eric Cylvick moved to APPROVE the balance sheet as of June 27, 2013. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Dry Lot procedure

The Board discussed the policy and procedure for addressing a dry lot that has been foreclosed on. Mr. Cylvick noted that every Ranch owner has a water share. If the water share is confiscated by the Water Company it does not leave the Ranch. Brody thought it should be made clear that when the owner of the dry lot purchases a meter they would also have to purchase the water share. Brody understood that the owner still owns the water share, but it was removed from the lot for failure to pay and he needs to purchase it back. Mr. Cragun asked if the owner would have to annex. Brody pointed out that an annexation may not be required because the annexation fee does not cover a water share. When someone annexes into the water system they have to purchase a water share and turn it over to the Water Company. Mr. Cragun understood that if the water share was removed, they could re-purchase it from the Water Company. Brody stated that this was correct. Brody clarified that his personal opinion was that the owner needed to purchase the water share at the current price at the time. Carol clarified that water shares are leased, not purchased.

Mr. Cragun asked if the cost would only cover one year. Mr. Cylvick understood that the owner would be billed annually for the meter and the water share. Carol explained that the water share is included in the \$712.48 the owner pays and the Water Company pays Weber Basin. At the current standby rate rate, the cost of a water share is also part of the \$496.16. The Bruhl lot never paid standby fees in 30 years, which is why it went to foreclosure.

Mr. Cylvick felt that if someone buys a dry lot and wants to come back into the water system, and only if the lot was part of the original Ranch, they should pay whatever was owed on the lot and lease a water share from Weber Basin, which is then assigned to the Water Company.

Brody stated that whatever decision is made on the Bruhl lot would set the precedent. He anticipated similar requests in the future. Mr. Cylvick remarked that another question was whether or not to waive the late fees and service charges. He personally thought a fair approach on a dry lot would be to require the new owner to lease a new water share and to pay all past due charges on the lot, minus late charges and finance charges. The other option would be for the owner to pay the annexation fee instead of

the past due charges, but they would still have to lease the water share and assign it to the Water Company. The Board agreed that it was an equitable approach.

Correspondence

Carol reported on a phone call she received from Rocky Mountain Power regarding a power meter. The Water Company has been paying \$11.06 for approximately 30 years, but no power has ever gone through it. It is power meter #16 and Carol assumed it was located at one of the wells. Brody would try to find the meter and he would contact Carol.

Regarding Pam Davis, Carol noted that the Warranty Deed recorded with Summit County did not have the correct address as Ms. Davis had stated earlier in the meeting. Carol pointed out that Summit County records have not been changed in two years. Carol submitted a copy of the warranty deed. She believed it was an issue of Ms. Davis' doing her due diligence and informing the Water Company of her correct billing address. Carol noted that neither she nor Revenue Recovery had a phone number until a month ago.

Mr. Cylvick assessed the situation as it was discussed and he believed that Ms. Davis should be held accountable for the full amount, including late charges and finance fees. Carol pointed out that Frieda had adjusted her bill and based it on nine months of work.

MOTION: Eric Cylvick made a motion to that Pamela Davis should have to pay the full amount reflected on the statement dated 6/25/2013 of \$1518.52. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Carol stated that Calindra was ready to send a check. For some reason the meter was not registering. Brody explained that the meter works but it would not radio read. He has to physically go out and read it.

Manager's Report

Brody reported that he and Trevor have been marking all of valves with fence posts. They use fence posts instead of PVC and rebar because people steal the PVC and rebar to mark their own roads. They also run over the poles with snowmobiles and

other vehicles and they have to be replaced. Using fence posts is less expensive to purchase and replace. Brody thought fence posts would also be easier to find in the winter because they would not bend over with the snow. In addition, people know when they hit them. Brody noted that fence posts are more difficult to steal because they will not come out of the ground. Brody stated that the posts are 8' high and they are buried 1-1/2 feet in the ground.

Brody reported that two leaks were repaired on Pine Meadow Drive two weeks ago. He spoke with Mr. Cylvick and they decided to replace the short section of line in that location since they continually have problems. Eric clarified that the line was replaced from the switchback down Pine Meadow Drive. Brody noted that since Trevor was hired in 2006 they have fixed the line 19 times.

Brody reported that the trackhoe was sold to Extreme Excavating. He also presented the fire restriction order for the entire Ranch. The Fire Warden had asked him to pass it around. Brody noted that it was the first set of restrictions from the State of Utah. The Fire Warden expected further restrictions within the next three weeks.

Projects

Mr. Cylvick stated that he had been trying to contact Aspen Ridge about the well, as well as working on the project and the problems on Pine Meadow Drive. Mr. Cylvick reiterated that the line on Pine Meadow Drive needed to be repaired and replaced. He reported that the State has said that the two booster stations going up Tollgate are substandard and should be replaced. He explained that part of the plan was to put a new pump house at the corner of the Oil Well parking lot, and they have already obtained the easement to do that. The structure would look similar to the new structure on Tollgate. That pump should be powerful enough to pump all the way up to Bobcat, where they intend to replace the existing pump house building. Mr. Cylvick clarified that this was all part of the plan prepared by Dave Dillman and Horrocks Engineering.

Mr. Cragun reported that there have been additional complaints about the light on the pump house. Mr. Cylvick remarked that it was per State law and Jody Robinson uses it when he plows. He pointed out that no one lives down there and he was unsure why anyone would complain. Brody suggested that people who complain should be told to contact the State of Utah and tell them that the light needs to be turned off, because it is a State requirement to have a safety light on a pump house.

Mr. Cylvick stated that the general consensus was to replace the pump house at Bobcat Springs and the corner of the Oil Well parking lot, that they fix Pine Meadow Drive, and drill a new well at Aspen Ridge. He noted that they would not have the money to tie into the Aspen Ridge well, but they have an amicable agreement with Aspen Ridge and the engineers and hydro-geologist believe it is the best area to drill. Mr. Cylvick believed that drilling the well would establish the fact that they do have a legal ownership right to the well.

Mr. Cylvick stated that his opinion, based on expert recommendation, was to drill the well and become a service provider for Aspen Ridge, and establish their relationship and their ownership interest in the well. Brody wanted to know who would pay the power bill for the well to run just for the Aspen Ridge lots, particularly if the Water Company would not have money to tie into the line for several years. Mr. Cylvick replied that as a service provider, the Water Company is allowed to charge them the cost of pumping the water. They would be responsible for the well and its repair and maintenance, but they could charge Aspen Ridge if they were the only ones using it. Mr. Cylvick stated that if Pine Meadow is not tapped into the well, they should bill Aspen Ridge 100% of the power and maintenance costs. Once Pine Meadow taps in, the cost for Aspen Ridge would be pro-rated based on the usage.

Brody clarified that in drilling the well, the Water Company would be taking over the water system for Aspen Ridge. Mr. Cylvick stated that they would be taking over their water source only. The water system would still be the responsibility of Aspen Ridge. Brody wanted to make sure that he and Trevor would not be taking over another water system because they have enough to handle already. Mr. Cylvick understood Brody's concern, and assured him that they would not be responsible for another water system and that no decisions have been made. However, this was an opportunity to take advantage of a good relationship with Aspen Ridge and the ability to establish an ownership interest in the well. Brody clarified that he was not opposed to taking over the well; however, he was concerned that the State of Utah would require them to take over the water system if they are the provider. Even though the Water Company would only be a service provider, they would still be responsible for making sure that Aspen Ridge has safe drinking water. In order to have safe drinking water they would have to go through and make sure that their system is not contaminated. Mr. Cylvick had a different understanding from Ted Barnes. He offered to follow up with Mr. Barnes regarding Brody's concern.

Mr. Cragun and Mr. George agreed that they should take the opportunity to drill the well

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if they could address the concerns that Brody had raised. Mr. Cylvick would contact Ted Barnes and request a legal opinion in writing. Brody wanted the Board to be aware that the Aspen Ridge water system is substandard. If Ted Barnes submits a written document stating that the State of Utah guarantees that the Water Company would not have to take over the water system, he would have no objection to what Mr. Cylvick proposed. However, if there is a stipulation that says they might be responsible for the system and providing safe drinking water, he would have serious concerns. Mr. Cylvick thought Brody made a good point. He would follow up with Ted Barnes.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 8:07 p.m.

Minutes Approved

Date