

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, OCTOBER 17, 2013

SUMMIT COUNTY, UTAH

Board Members in Attendance: Cal Cragun, Bill George, - Board members; Tony Tyler, PMROA representative.

Ex Officio: Brody Blonquist, Trevor Townsend

Eric Cylvick joined the meeting via telephone.

Guest: Matt Wolf, Lot A-5

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

Minutes – September 19, 2013

Tony Tyler referred to the last page of the minutes, and the sentence, "...from Frieda that it was important for the Water Company to close..." He corrected close to correctly read **foreclose**.

MOTION: Cal Cragun made a motion to APPROVE the minutes of September 19, 2013 as corrected. Bill George seconded the motion.

VOTE: The motion passed unanimously. Eric Cylvick was not present for the vote.

Public Comment

Matt Wolf, Lot A-5, stated that he has been on the Ranch for ten years. His ex-wife lives in California and as of the year 2011 their water bill has gone from 29,000 gallons to 90,000 to 20,000 last year, and he has no idea how that could have happened. He was living by himself and it was not possible that he used 90,000 gallons one year and 20,000 gallons the next year.

Mr. Cragun noted that the only option was for the Board to grant Mr. Wolf a one-time reduction on his bill. In looking at correspondence from Carol, Mr. Cragun indicated that Lisa Peck, his ex-wife, thought she had already requested the reduction Lot 5.

Mr. Tyler found a letter in the middle of the packet dated December 15th, 2009 outlining the one-time reduction from 80,810 gallons for a leak. Mr. Tyler asked Mr. Wolf if the property had changed ownership from his name to her name and back to his name. Mr. Wolf replied that nothing had changed. He works in construction and he can hear when his water is running in the house and whether it is filling the water heater or the faucet. There is only one bathroom. After the leak in 2009 he disconnected his water tank and he has no water storage.

Mr. Tyler noted that the Rules and Regulations of the Water Company only allows for a one-time reduction on the proof of a leak that had been repaired.

Mr. Wolf asked when the digital meters were installed. Brody recalled that it was Fall of 2010. Trevor stated that they were installed after the final reading of 2010. Therefore, readings from 2011, 2012 and 2013 would be on the new meters. Mr. Wolf understood that a benefit of the new meter was to read excess usage. Trevor replied that it is quicker and easier to catch it if it is a continuous or intermittent leak when they read the meters. The excess use is not identified until the meters are read each month.

Mr. Tyler reiterated that the Board had no options because the one-time reduction has already been granted to that property in 2009 and the property had not changed ownership. Mr. Cragun pointed out that a leak was not found in this case and that would also preclude the one-time reduction. Mr. Wolf thought something must have happened since it was 90,000 gallons one year and then it went back to 20,000 gallons. He questioned whether there might have been a problem with the meter reading. Mr. Cragun asked if there was a possibility that someone had stolen his water. Mr. Tyler remarked that stealing water was not uncommon if a yard spigot is not locked.

Brody double checked the meter readings to make sure the meter reading had crossed over correctly. Based on the dates, Mr. Tyler asked if usage could have been carried over from the old meter to the new meter. Brody did not believe that was possible and explained the process of how the meters were removed and that they were read and verified by two people before the new meter was installed. He acknowledged that there could always be human error, but with two people verifying, it was doubtful in this case.

Brody could find no reason for the increased usage and he felt the Board had no choice but to follow the Rules and Regulations of the Bylaws. The Board concurred. They told Mr. Wolf that they would be willing to relook at the issue if he found new information to present at a future meeting.

Mr. Tyler reported that David Nichols, the owner of blue roof house, purchased the house on Doug McAllister's five years ago. He noted that between five and ten years ago the house had water hooked up from the Water Company. There was a major over usage that resulted in a dispute and the meter was eventually pulled due to non-payment. Mr. Nichols purchased the house several years later and he was interested in connecting water to the house. Trevor stated that Mr. Nichols previously came to the Board with his request. Brody clarified that the Water Company never foreclosed on the water share because of the dispute between McAllister and Leon Gale. Trevor recalled that Leon Gale transferred the lien from McAllister in 2006 in a quit claim deed, which is how they skirted paying the bills. Brody believed the Board told Mr. Nichols that if he paid the bill to current status, the Water Company would hook up his water. Mr. Tyler verified that if Mr. Nichols pays off the delinquent balance the Water Company would reinstall the meter at no extra charge, and he would start paying at the regular rate. Mr. Tyler stated that he would ask Carol for the balance and relay that information to Mr. Nichols.

Brody was not certain, but he thought Eric Cylvick told Mr. Nichols that he could either bring the balance current, or pay a new meter connection fee. Mr. Cragun recalled that it was less expensive to bring the bill current. Brody suggested that Mr. Tyler speak with Mr. Cylvick before talking to Mr. Nichols. He should also inform Mr. Nichols that he is not allowed to use the water to water trees.

Unpaid Bills

Brody reviewed the unpaid bills. Allwest Communications and Catapultion was the Internet. APCO Inc. was to have Phil fix the antenna. Clyde, Snow and Session were legal fees, Delco Western was for pilot re-build kits for the PRVs. Evco House of Hose was for 20 specialty made hoses for the PRVs. The hoses are stainless steel braided lines that are used to replace the brass lines. Evergreen Engineering was for the road down Tollgate Canyon.

Mr. Tyler noted that the full amount was \$20,000 and questioned why they would not pay the entire contract amount upfront. Brody noted that the email said it was the total fixed cost of the survey. He was unsure how the contract was to be paid. Mr. Cylvick would be joining the meeting by telephone and Mr. Tyler suggested that they ask him whether it was a deposit amount or paid in full.

Brody continued with the unpaid bills. Extreme Excavating was for three loads of Rotomill at the well site down Tollgate Canyon. Ferguson Enterprise was for parts. HD

Supply was to purchase sleeves and parts for maintenance and repair. Horrocks Engineering was engineering for the project, KGC Associates was for Carol's services, Loughlin Water Associates was when Bill Loughlin met with Eric Cylvick at the Lower Tollgate well site. The Park Record was public notice on the foreclosed lots. Pine Meadow Mutual Water Company was the required reserve payment for the loan. Revenue Recovery was the collection agency. Rocky Mountain Power was the monthly power bill. Select Health was the health insurance premium. Summit County Public Health Department was the quarterly bill for the monthly samples. Brody assumed that the bill from Summit County Recorder was to record the foreclosed lots. Tach Technology was for the website.

Utah Division of Finance were the monthly payments on both loans. Vancon, Inc was the project contractor. Brody noted that \$24,886 of the total amount was retainage. Verizon Wireless was for cell phones.

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

VOTE: The motion passed unanimously.

Mr. Cragun reported that \$275,000 was transferred to the checking account.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. Cragun reported that they had collected on another foreclosure.

Brody suggested that they should start budgeting a larger amount for the telemetry system. The system is ten years old and they are only rated for 12-13 years. He anticipated higher maintenance and repair costs in the future.

MOTION: Tony Tyler made a motion to APPROVE the profit and loss/budget versus actual as presented. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cragun questioned why there was a negative showing for both Zion Bank and Brighton Bank. He would ask Carol for clarification.

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

VOTE: The motion passed unanimously.

Manager's Report

Brody reported that everything was running well and they were preparing for winter. They have been checking and adjusting all the PRVs to make sure there were no leaks. The pressure was reduced in the ones that were set at a higher pressure. The pressure could be readjusted if someone complains of low pressure.

Brody stated that per the last meeting, the PRV in front of Mike Bowen's house was removed. He and Trevor felt that was the last effort they had to keep Mr. Bowen supplied with water.

Trevor and Jody had installed a valve in front of a PRV that was a constant drainage problem.

Brody stated that the pump house projects were progressing. Mr. Tyler asked if the contractor intended to move the rocks on the Bobcat side back to their original location. He noted that the rocks were moved 8 feet into the roadway creating a narrower passage. Mr. Cragun stated that they were supposed to replace anything they disturbed. He understood that they also intended to put rocks across the spillway.

Brody commented on a generator for the shop. He explained that when the power goes out they are unable to get equipment in and out. Also, the main computer system that runs everything shuts down when the power goes out. Brody stated that for the safety of the community it was time to think about emergency response. They turn the building over to Search and Rescue, North Summit Fire, and the Summit County Sheriff's in cases of emergency as a command post. If the power is down they would not be able to use the building. Having a generator would benefit the Ranch operation as well as emergency responders. Brody noted that Eric Cylvick had a different opinion, based on the letter he had sent to the Board. Mr. Cragun pointed out that Mr. Cylvick may not have all the information to base his opinion.

Mr. George had spoken with Eric Cylvick and Mr. Cylvick requested that the Board table discussion on the generator until the next meeting. Brody had obtained a bid from Chesley Electric for \$12,000, which included tying in the propane and the exhaust. The

bid was from eight months ago and he would contact Chesley for a new bid prior to the next meeting. Mr. Tyler suggested a second bid for comparison.

Eric Cylvick joined the meeting via telephone.

Mr. Cragun asked Mr. Cylvick to explain the \$20,000 bill for Evergreen and asked if that was paid in increments or as a lump sum. Mr. Cylvick replied that a \$5,000 down payment had not yet been paid. It would be submitted on the next loan draw. Evergreen started in advance of the down payment because they have to sign contracts. Once the work is completed, the balance would be paid.

Mr. Cragun informed Mr. Cylvick that \$275,000 was moved to the checking account this morning to pay the bills. Mr. Cylvick stated that if there is money left after paying the bills, Carol would pay the \$5,000 down payment to Evergreen.

Mr. Cragun asked if Mr. Cylvick wanted to take time now to discuss the generator. He explained that the problem is that all work stops if the power goes out because Brody and Trevor cannot open the doors to get their tools or machinery out. Chesley Electric submitted a bid for \$12,000 to install the generator and it would take approximately 7 days to complete the work. Mr. Cylvick wanted time to explore all the options before making a decision. He was not opposed to the idea, but he was not prepared to vote in favor at this time without a better understanding. He clarified that he was not saying no, he just needed more time and information. Mr. Cragun suggested that Mr. Cylvick contact Brody or Trevor when he gets back in town so they could explain some of the reasons why the generator is important.

Brody asked Mr. Cylvick to think about a time when they can work on the preliminary budget for 2014 to present at the Annual Meeting. Mr. Cylvick stated that he and Carol had already worked on the budget for 2014. Mr. Cragun remarked that the Board also needed to discuss bonus and salaries for Brody and Trevor. Mr. Cylvick suggested that the Board members could meet at his office within the next two weeks.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:26 p.m.

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October 17, 2013
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Minutes Approved

Date