

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JANUARY 16, 2014

SUMMIT COUNTY, UTAH

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

Ex Officio: Trevor Townsend

Brody Blonquist was excused.

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

Minutes

MOTION: Cal Cragun made a motion to APPROVE the minutes of December 12, 2013 as written. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Trevor Townsend reviewed the unpaid bills. Allwest Communications and Catapultion were for the internet. Coalville Farm and Auto supply was for windshield wiper blades and fluid. The Leavitt Group was insurance.

Mr. Cragun clarified that the Leavitt Group was the liability insurance. He was waiting on another bid to see if the insurance rate was still competitive.

Trevor continued with the unpaid bills. The Rural Water Association was for annual dues. Select Health was the insurance premium. Summit County Health Department was for water samples. Division of Finance was the payment on the loan. Verizon was for the cell phones.

Mr. Tyler asked why Pine Meadow Mutual Water was paying itself \$1856. Mr. Cragun replied that it was paid into the required escrow debt reserve fund for the loan.

MOTION: Eric Cylvick moved to pay the unpaid bills dated January 16, 2014. Bill George

seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the year-end profit and loss/budget versus actual. He noted that they received approximately 109% over what was budgeted for assessments.

Mr. Cragun referred to the \$3800 income from the pond. Since the Water Company would not be doing anything more with the pond, he suggested that they pass on that money to help pay for the pond. Mr. Cylvick thought that money had been given to Tom LeCheminant. Mr. Cragun pointed out that it was still showing on the financials.

Mr. Tyler remarked that Mr. LeCheminant believed the money had all been disbursed. Mr. Cragun indicated that \$3875 was identified as pond income at the top of the second page. Mr. Tyler pointed out that the amount was showing as a negative. However, if the funds were still available he would inform Mr. LeCheminant. Mr. Cragun stated that Carol would know if the money had been disbursed.

Mr. Tyler reported that Mr. LeCheminant still had work to do on the pond. He was planning on removing the berm next year. The Owners Association had asked Mr. LeCheminant to add the berm because they were unsure whether the pond would hold.

Mr. Cylvick noted that more was paid on the principle and interest on Loan #2 because they had not anticipated being required to take it all. Mr. Cylvick explained that the Water Company originally thought it was a line of credit and they would only pay principle and interest on the amount used. However, that was not the case and they were required to pay principle and interest on the entire loan. Mr. Cylvick pointed out that by refinancing and rolling the two together, the payment on the first loan was less.

MOTION: Eric Cylvick made a motion to APPROVE the profit and loss/budget versus actual dated December 31, 2013. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the year-end balance sheet. Mr. Cylvick stated that they were over \$5 million in debt as the total amount on the total amount of the loan. Regardless of how the money is spent, they were paying principle and interest on \$5,943,900.

Mr. Cragun referred to the Brighton Bank Escrow Account. He questioned why \$820,000 was sitting in the account. Mr. Cylvick thought it might be the State escrow balance. Mr. Cragun noted that according to the balance sheet, the money was not earning interest; however, it was included in the total amount for checking and savings. If it is their money, he suggested that they move it to where they could earn interest. Mr. Cragun offered to check with Carol.

MOTION: Eric Cylvick made a motion to APPROVE the balance sheet previous year comparison dated December 31, 2013. Tony Tyler seconded the motion.

VOTE: The motion passed unanimously.

Mr. Tyler asked about the foreclosed treasury stock and asked if it increased annually. Mr. Cylvick assumed that it did, based on the accrued interest, late fees, and the next years water assessment. Mr. Tyler pointed out that it did not show a percentage change from 2012 to 2013 and he suggested that they have those calculated.

The Board reviewed the current profit and loss/budget versus actual. He noted that they had already collected 37% of the assessments. Mr. Cylvick pointed out that there was very little activity this early in the year.

MOTION: Eric Cylvick made a motion to APPROVE the Profit and Loss dated January 16th, 2014. Tony Tyler seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the current balance sheet. Mr. Cragun explained that the balance sheet was included so they would have a comparison with the previous year.

MOTION: Eric Cylvick made a motion to APPROVE the balance sheet previous year comparison to January 31st, 2014. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Correspondence

Carol had received correspondence from a property owner requesting a one-time reduction. Trevor explained that the owner broke off the top of their meter setter on the street side trying to turn it off. Brody and Trevor checked on it the same week they

received the call. The meter was full of dirt and they had to vacuum out the meter because it was old and full of dirt. They were unable to repair the meter that day because it required turning off all the water on the Forest Meadow side, and they needed a different valve. Trevor stated it was probably a few months before they went to Salt Lake and purchased the valve and fixed the meter. He explained that the owner could not turn the meter off at the street. He assumed that they have a leak in the cabin and to prevent the cabin from leaking they turn the meter off at the street when they are not there. Trevor recalled that the meter was fixed September 1st. Mr. Cylvick noted that the owners have been turning the meter on and off for years and apparently they either turned it too hard or it was too old and it broke.

Mr. Tyler pointed out that the major water usage was between May 7th and June 27th when no one was at the cabin. Since the meter was not repaired for two months and that was when the water usage occurred, Mr. Tyler was inclined to grant the \$99.04 overage and allow the owners to pay the \$832. He pointed out that the one-time reduction would not address the leak issue.

Mr. Cylvick agreed that the owners have been turning off their meter for years. It was an old meter that broke and the Water Company was not able to repair it in a timely fashion due to other projects. Mr. Cylvick stated that the owner has the prerogative not to fix a leak as long as they stay under the 15,000 gallon allotment. Mr. Cylvick was inclined to waive the excess water charge.

MOTION: Tony Tyler moved to grant the waiver of the one-time reduction for Charles and Joan Weiler, FM-A-11, and to allow them to only pay the \$832.00 of their metered water assessment for 2013. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Trevor clarified that the meter was not replaced. They only replaced the valve on the street side of the meter. Mr. Tyler clarified that if the valve had been on the cabin side of the meter his recommendation would have been different because that would have been the owner's responsibility.

Mr. Cylvick read correspondence regarding PI-C-15, Stephen Winsler suggesting that the water rates were too high.

Mr. Cylvick read correspondence from Joel Allred expressing his disgust with the \$120 increase on the assessment this year following a major increase last year. Trevor pointed out that Mr. Allred owns nine lots.

Mr. Cylvick read correspondence from Debra Rakes, Lots D-36, D-37. Mr. Cylvick asked Carol to remind Ms. Rakes that she is not supposed to water her lawn.

Miscellaneous

Mr. Cylvick recalled a quote from one company of \$85,000 for two pumps, VFD, PLC and wiring. He stated that Delco Western had done the pump, the connectors, immersible pump, jacket, shop, labor, etc. for a total of \$8,440 for the Tollgate booster pump and \$7,590 for the Bobcat booster pump. He informed Dave Dillman that they were not paying \$85,000 for two pumps and instead they went directly through Delco Western and ID Electric. Mr. Cylvick stated that the total for two pumps and all the wiring at Bobcat totaled \$16,030. For Tollgate the total cost was \$17,096. Therefore, they would be paying \$33,096 instead of \$85,000.

MOTION: Eric Cylvick made a motion to APPROVE the Delco Western quote in the amount of \$16,030 and the ID Electric quote in the amount of \$17,966 for an overall grand total of \$33,966. Tony Tyler seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick noted that the cost of the valuation the valuation with Haynie & Company was \$5,000. The first draft would be ready on February 16th. Mr. Tyler asked if the draft could be ready for the next meeting on February 13th. Mr. Cylvick would make that request.

Mr. Cylvick reported that the quote for Evergreen Engineering had not changed. It was \$20,000 for the survey and \$5,000 for the initial engineering feasibility study. The cost for the final construction drawings was \$1500.

Mr. Cragun recalled that the wording was “up to” and “no higher than”. He wanted to know what would hold them to a lesser cost. Mr. Cragun suggested adding language to say that if it costs less, they should pay less. Mr. Cylvick stated that he would ask Evergreen Engineering to provide an hourly breakdown and progress reports.

Mr. Trevor believed the final cost would be \$15,000.

Mr. Cylvick recommended that the Board should move forward with the engineering work. Mr. Cox thought the engineering work would need to be done regardless. Mr. Cylvick replied that they would not have that answer until the full package is done. He was concerned about getting a substandard bid package and then once the work is started they

would end up with change orders that would significantly increase the amount because the parameters were not defined. Mr. Tyler believed that a complete package would save in the long run. He supported Mr. Cylvick's comments.

Mr. Cox stated that even if they could not afford to do all four steps now, the engineering could be done in steps and completed when they have the money.

MOTION: Eric Cylvick made a motion to APPROVE Task One for the final civil design drawings.

Mr. Cragun asked if there was a time frame. Mr. Cylvick stated that he had given the date of February 10th.

The Board failed to second the motion or to vote, but it was assumed that his motion was approved.

Mr. Cragun referred to the correspondence that was read earlier in the meeting and he suggested that the Board respond to the owners and let them know they were heard. He thought Carol could inform the owner that the letter was received and reviewed by the Board. Mr. Cylvick did not have the time to respond, but he agreed that Carol could write the response and Mr. Cragun could review it before it was sent.

Mr. Cylvick remarked that the first task was approved and he would send it back to Evergreen Engineering. He would send Evergreen Engineering the original signed document and scan a copy to send to Carol.

Mr. Cylvick reported on the easement he had been working on with Fred Bacon at Stagecoach. He had emailed the Board a copy of the document that was cleaned up with new redlines. He wanted to ask for a 35' wide easement because the narrow strip owned by the Owners Association where they would run the water line is 25.95'. Mr. Cylvick reviewed a map to show the area he was talking about. Mr. Cylvick pointed out that the Water Company would have to install a fence along Mr. Bacon's property.

Mr. Cragun stated that the language states that the height of the fence would be determined by both parties. He preferred to determine the height now to eliminate a problem later. Mr. Tyler suggested a smaller fence that the wildlife could get through. Trevor remarked that it only needed to be a 4' pasture fence. Mr. Cylvick thought it would need to be a 9' wood fence. Mr. George thought they should suggest a 4' fence and see how Mr. Bacon responds. Mr. Tyler suggested that they propose a 4' agricultural style fence and see if Mr. Bacon agrees.

Mr. Cylvick noticed that the dollar amount of \$27,000 was incorrect and needed to be changed. The correct amount was \$20,000. Mr. Cylvick stated that he would sign the document once it is approved by the Board and personally take it to Mr. Bacon.

Mr. Tyler suggested that Mr. Cylvick confirm the method of ownership with the Summit County Assessor. If it is under a trust and only has Mr. Bacon's name, it may not be valid. He believed Mr. Bacon would have to sign as a trustee. Mr. Tyler offered to contact the County Assessor and send the information to Mr. Cylvick. Mr. Cragun stated that he is a notary and could go with Mr. Cylvick when he visits Mr. Bacon.

Mr. Cylvick met with Mountain Regional on Tuesday and he had the impression that they were very interested in hooking up with the Water Company. He told them that he was working on the easements and it was written as an emergency easement for Pine Meadow and Stagecoach. Mountain Regional was pleased about the road and the potential North Summit Fire District annexation. Mr. Cylvick told them that they did not want the property owners to pay more than what they were paying now, and they wanted all the water they needed for build out. Pine Meadow Water is a viable company and they received assessments every year per budget. They are servicing their debt and there is no reason for the rates to increase. Mr. Cylvick also told them that if possible he wanted to keep the Water Company as a viable operating entity in some form. He outlined a number of options on how that could be accomplished.

Mr. Cylvick felt it was a fair negotiation if Mountain Regional provides the water and the Water Company provides them access to water storage.

Owners Association Update

Mr. Tyler had attended the Fire District Annexation meeting with Ken Smith. The public meeting would begin a 60 day waiting period for the entire Tollgate Canyon area to be annexed into the North Summit Fire District. It occurs through an automatic process triggered by the petition that was sent in by more than 10% of registered voters in the annexed area. In order for the annexation process to be stopped, they would have to receive the ownership of 33% of the taxable residents of the annexed area to oppose it; or 33% of the registered voters in the area to oppose it in writing to Summit County. Mr. Tyler stated that since everyone who was registered to vote signed the petition, he felt it was highly unlikely that the annexation would fail. At the end of the 60 day waiting period it would become an automatic agenda item and the County Council would sign a document that goes to the State. The State then agrees to allow them to annex into the Fire District. From that point forward the wildland fire fee goes away and the North Summit Fire District

fee is added on.

Mr. Tyler reported that part of his conversation with Ken Smith and the Fire Chief is to trade a parcel of land that the HOA owns at the gravel pit for the Fire District to build a fire station. It would be staffed full time by volunteers and provide fire and medical emergency response.

Mr. Tyler stated that the Owners Association budgeted approximately \$65,000 as a carryover from 2013 to the 2014 budget that they intend to put towards repaving the lower sections of Tollgate Canyon Road. However, since that would probably be handled by the Water Company, the HOA would probably use those funds for a permanent trash closure at the lower parking lot. It would be more secure and more attractive.

Mr. Tyler noted that that the HOA Board has talked about moving the mailbox bank up to the triangle in between the Forest Meadow/Pine Meadow cut-off and put them inside a building. Mr. Cylvick suggested a locked room where FedEx and UPS could use a key and drop off packages.

Mr. Tyler stated that he was trying to get in touch with the people who own the parcel that connects the old driveway to Oil Well. There is a smooth grade that would essentially bypass the current Tollgate Canyon Road that goes up around Boyce's corner and right to the center of the Ranch. If that could occur, there would be two major accesses to Tollgate, as well as the Forest Meadow access. Mr. Tyler noted that the Owners Association has parcels that they do not need and he would like to see if they could do a parcel trade. Mr. Cylvick suggested other negotiating tools for obtaining the parcel.

Manager's Report

Trevor reported that he and Brody found two leaks at the end of December. The leaks were in meters and within 30 hours the leaks were found and the meters were shut off.

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

Minutes Approved

Dates

Pine Meadow Mutual Water Company
Monthly Board Meeting
January 16, 2014
Page 9

Date