

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, APRIL 10, 2014

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Bill George - Board members present.

Ex Officio: Brody Blonquist, Trevor Townsend

Excused: Kelly Cox, Tony Tyler.

President Eric Cylvick called the meeting to order at 6:40 p.m.

Manager's Report

The water system is running well. Brody and Trevor have been doing maintenance on the equipment. They should expect a bill from Komatsu for approximately \$700 for the cost of a cutting edge for the backhoe, oil filters and air filters, and other maintenance parts.

Brody requested authorization to purchase new tires for the backhoe. They might be able to get through the summer but the tires are quite worn out. Brody had obtained an estimate and it would cost approximately \$2,000 for four tires.

MOTION: Eric Cylvick made a motion to purchase tires for the backhoe when the tires wear out and new tires are needed. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Brody reported that the Ranger also needed tires but that cost should be closer to \$400.

Brody remarked that the Rural Water Association of Utah has started offering retirement programs for as few as two employees. He asked the Board if he could research the various plans. The Board authorized Brody to look into retirement options.

Everything else was running smoothly.

Approval of Minutes – March 13, 2014

MOTION: Cal Cragun moved to APPROVE the minutes of March 13, 2014 as written. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. Allwest Communication and Catapultion were for the internet. Coalville Auto and Farm Supply was an oil filter for the fire truck. Payment to Fred J. Bacon was related to the easement. The invoice from the Haney Company was for the valuation report. KGC was for Carol's services. Pine Meadow Mutual Water Company was the debt reserve. Select Health was the health insurance premium. The bill from Suburban Propane was to fill the propane tank. Summit County Public Health was for samples on the tank. Utah State Division of Finance was the loan payment on both loans. Verizon Wireless was for cell phones.

Mr. Cragun noted that the Water Company had paid Fred J. Bacon \$1,800; not the \$18,000 that was showing. Mr. Cylvick suggested that they paid all the unpaid bills with the exception of Fred J. Bacon. The \$18,000 was the actual balance to be paid over time. He had instructed Carol to pay it down if money is left on the loan after the road is complete, but he did not want to deplete the operative capital at this time.

MOTION: Eric Cylvick moved to APPROVE paying the unpaid bills dated April 10, 2014, excluding the Fred J. Bacon and Trustees Irrevocable Trust for \$18,440.71. If loan funds are still available after doing the road, that money could be used to pay down the debt to Fred J. Bacon this year. If there were no remaining funds, the Water Company would continue to pay \$1,716 annually in January. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick explained that Mr. Bacon owes approximately \$20,000 to Mountain Regional for capital improvements. The arrangement was that the Water Company would pay the \$1,700 payment each year to pay down that debt. In return, the Water Company now

has an emergency exit and water line easement.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. Cylvick noted that the percentage of total water assessments collected was 83%.

Mr. Cragun stated that the Workman Comp Insurance is through Utah Local Government Trust. He expected to receive another bid. He suggested that Brody ask Utah Rural Water Association if they also carry Workman Comp Insurance in addition to retirement accounts.

Mr. Cylvick assumed the project material purchase for \$14,000 shown on page 5 was for the propane generator.

MOTION: Eric Cylvick made a motion to APPROVE the profit and loss/budget versus actual dated January 1 through April 10, 2014. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Brody understood that the Restricted Fund Debt Reserve was the account the Water Company was required to pay into as escrow for the loan. He noted that the balance had not increased and the same amount was showing for April 10, 2013 and April 10, 2014. Mr. Cragun thought the account was funded every month. Brody agreed. Mr. Cragun would ask Carol if the amount was accurate. Mr. Cylvick pointed out that \$1,856.75 for the Restricted Fund Balance showed on the unpaid bills each month. He did not believe that was the fund required by the DDW. He believed it might be the Capital Reserve Fund where the Water Company allocates funds for a legal reserve fund and a contingency fund. Mr. Cylvick stated that the Debt Reserve was in a Brighton Bank account and he pointed out that the amount had increased from \$128,000 to \$151,000.

MOTION: Eric Cylvick moved to APPROVE the balance sheet per year comparison dated April 10, 2014. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Easement Agreement

Mr. Cylvick reiterated that he had obtained the easement agreement with Fred Bacon, and it was notarized and recorded. He and Mr. Cragun also met with Mr. Bacon's son and answered several questions regarding the agreement. The son sits on the Board for Stagecoach and his questions primarily related to David Bitner. If Mountain Regional joins with the Water Company, he believed Stagecoach should receive some compensation because they spent \$3 million improving their water system. Mr. Cylvick informed him that the goal was to obtain an easement for a water line and emergency access. He never considered that Stagecoach would be involved because he understood that Stagecoach no longer owned the water system. Mr. Cylvick explained that Stagecoach had given up easements to the water lines and their water system to Mountain Regional. Mountain Regional bonded for the money and owners were paying off the bond at \$1,716 per year, plus water usage. Mr. Cylvick had contacted the President of Stagecoach and after their conversation, they had a conference call with Dave Bitner. Mr. Cylvick informed them of the situation and what he hoped to accomplish with the easement. Mr. Bitner was not pleased, but Mr. Bacon had pointed out that the agreement was between himself and Pine Meadow Water; and Stagecoach was not a party to the agreement.

Mr. Cylvick stated that based on the valuation the Water Company is worth \$10 million and they are \$6 million in debt. He had not gone back to negotiations with Mountain Regional; therefore, he did not know how it would be structured and whether the Water Company could remain as an operating entity as discussed. Mr. Cylvick was unsure of the outcome but he felt they were in a better position to negotiate with Mountain Regional. He intended to table further negotiations until there was a need to make that connection.

Brody asked when they would build the emergency road. Mr. Cylvick replied that there was not a set date.

The next project would be to improve the road at the bottom of Tollgate. Mr. Cylvick stated that if the HOA would not contribute time and equipment to help with the project it may not be done. At Tony Tyler's suggestion, Mr. Cylvick was hoping to use Jody's expertise and the grader to help set the road, work on the ditches and pave the road. However, he understood that some in the HOA were resistant to using Jody's time on the road project. Mr. Cylvick outlined the actual work involved and which portions would be done by contractors and what would be done by Brody, Trevor and Jody.

Mr. Cylvick noted that it was scheduled on the Summit County Work Session for April 23rd. If the County approves the project they could obtain a grading permit and put the project out for bid for the rock walls. In the meantime, they could begin the grading work if they have a grading permit.

Brody asked if the Worker's Comp and the insurance would cover them off-Ranch. Mr. Cylvick thought they would be covered since they were working on a project. For example, they would be covered if they were hurt while driving to pick up parts, even if they were off the Ranch.

Brody noted that the road work plan did not include re-vegetating, which is required by Summit County. Mr. Cylvick stated that most of the area was not vegetated currently. Brody stated that there was no vegetation at the well site but they were still required to put Rotomill and matting for seed. He suggested that Mr. Cylvick include hydro-seeding in the budget. Mr. Cylvick asked Brody to get an estimate for hydro-seeding.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:20 p.m.

Minutes Approved

Date