

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY FEBRUARY 12, 2015

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Bill George, Craig Gilliam,

Ex Officio: Trevor Townsend

Excused: Tony Tyler

Guests: Katie Christiansen and Jason Konisberg, Lot B-16; Leo Mozier, Lot D-75, Dennis Derango, Lot G-38.

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

Approval of Minutes

MOTION: Cal Cragun made a motion to APPROVE the minutes of January 8, 2015 as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Public Forum

Mr. Cylvick noted that Katie Christensen and Jason Konisberg, Lot B-16, had attended previous Board meetings to discuss a water leak that occurred on their property and whether or not there were options for the Board to forgive their excessive water. Katie and Jason felt they had done their due diligence but the Water Company was slow in their response causing the significant water usage. Mr. Cylvick recalled that at the last meeting the Board decided to postpone a decision to give Cal Cragun time to review the bylaws to see if the Board had the ability to do anything other than grant a one-time reduction.

Mr. Cylvick clarified that his position had not changed since the last meeting in terms of not being willing to offer anything more than a one-time reduction.

Jason gave a recap of their situation for the benefit of the Board members who were not present at the previous meetings; and explained why he believed they should be

allowed a waiver of excess water more than just the one-time reduction.

Craig Gilliam understood from that on September 17th, Jason and Katie had requested their July and August meter reading. Trevor Townsend pointed out that the meters were read in September for the annual billing statements. Mr. Gilliam read from Katie and Jason's letter, "September and October time period had been merged together on the water bill due to no meter reading in October." Katie explained that she had initially requested the readings for June and July in August. When she did not receive a response back she contacted Carol again in September. She recalled that the leak was discovered in October. Jason stated that in August the water usage was 400% over what they normally use. If they had been given their meter reading when it was requested they would have been able to detect the leak much sooner. He noted that the usage increased significantly as the leak got worse. Mr. Gilliam remarked that the earliest the leak could have been stopped would have been September. Katie agreed that even if the readings she requested had been provided in September, there would have already been some excess usage because the leak began in August. However, the usage would have been much less if they would have known because they could have stopped the leak earlier.

Mr. Gilliam asked what their normal usage is. Jason stated that the average total usage for the time they have lived on the Ranch was 1300 gallons per month or 17,000 per year. Mr. Gilliam asked Jason for the dollar amount they were charged versus the dollar amount they were willing to pay. Jason replied that they would like to pay the base rate pro-rated from September 20th to when they should have been provided the requested meter readings. He noted that the charge was \$3500. He estimated that with the one-time reduction they would still have to pay \$400 over the base rate amount.

Mr. Gilliam assumed that the usage took place in September, and it would have been October before the leak was identified. He asked when the leak was repaired. Jason believed it was November 2nd. Katie stated that they reported the leak on October 22nd. On October 28th Brody confirmed the leak and said it was on their side of the meter. Two days later Jason repaired the leak. The problem was that the frost free hydrant had come off the main line at the T-intersection and he was able to cap it off. Jason noted that at least 50,000 gallons of water had leaked out between September and October.

Mr. Cylvick informed Mr. Gilliam that the Water Company has a policy that any water that runs through the meter is the responsibility of the customer. They have never pro-

rated or done anything other than the one-time reduction for any other customer. Mr. Cylvick stated that it has never been the Water Company's responsibility to find leaks on private property and they do not take responsibility for finding leaks on the owner's side of the meter. Mr. Gilliam stated that the only thing he would call into question was whether or not Jason and Katie followed procedure and the Water Company did not follow up with what they were supposed to do. However, at the same time, he did not believe the water would have been saved for September, which only leaves October in question.

Mr. Cylvick understood that Jason and Katie felt that they had followed procedure, but the Water Company does not take responsibility for water on the other side of the meter. Unless they completely change the way they are running the Water Company and choose to hire more people and become more pro-active, which no other water company does, the policy would remain the same for everyone.

Jason understood from other residents on the Ranch that they would be in favor of the changes Mr. Cylvick outlined. He pointed out that it could have been a simple phone call from Carol. Jason did not think it was intentional on Carol's part and that it was only a mistake. Mr. Cylvick did not believe any mistake was made. The water ran through the meter in August and September and they found the leak and repaired it. He reiterated that mistakes were not made because Carol, Brody nor any of the Board members are responsible for the water that runs through the meter. Mr. Cylvick did not believe this case was different from any others that have come before them. Jason argued that it was different.

Mr. Cragun had read through the bylaws and he did not believe they allowed the Board to make any exception to the rules. Mr. Gilliam asked about the one-time reduction. Mr. Cylvick explained that a calculation formula is used and the overage is typically reduced by approximately 50%.

Jason stated that until this happened they thought the meter could only be read by the Water Company because it is Water Company property. Now that they know they can read their own meters they will be able to monitor it. Trevor noted that he and Brody did a short video showing the lot owners how to read their meters. Carol would be posting the video on the website.

MOTION: Eric Cylvick moved to offer the one-time reduction to Jason Konisberg and Katie Christiansen, Lot B-16. Cal Cragun seconded the motion.

Bill George stated that he supported the motion because of the Bylaws that were in place, and the fact that the Board has no authority to change the Bylaws.

Mr. Gilliam did not read in the Bylaws that the Board did not have other options. However, even though each circumstance is different, he recognized the precedent that has been set. He supported the one time reduction.

VOTE: The motion passed unanimously.

Katie asked if they had to take the one-time reduction or whether they could save it in case they have another leak in the future. Mr. Cylvick stated that the one-time reduction has been approved but they have the ability to decide whether or not they want to take it. Jason asked if there was a way to appeal the Board's decision and take it to the membership. He had spoken with his neighbors and people are upset. They believe the process is unethical and wrong.

Mr. Cylvick stated that if Jason believes there was an injustice, they should run for the next Board position that becomes available. Mr. Cylvick was unsure about an appeal process because it has never come up. Mr. Cragun suggested that they could present it in a written statement at the next General Meeting and request a vote by the membership.

Leo Mozier, Lot D-75, asked if monthly meter readings were still being done. Mr. Cylvick stated that the meters are usually read monthly. Some lots can be read through the snow but not others. They are currently in the process of trying to post the monthly readings on the website. He explained the difficulty in sorting the data and posting it in the correct format. They are still working out the process but the intent is to try to do a monthly posting.

Mr. Mozier liked the idea of the video on how to read a meter. He believed the homeowners have the responsibility to read their meter and monitor the usage. Mr. Mozier stated that he had attended this evening to find out how the meter reading system worked and how the information is processed. Mr. Cylvick pointed out that the Water Company was still trying to learn how to best provide the information to the customers at the lowest cost and a limited amount of work. He believed that the video and posting the meter readings were reasonable to accomplish. Mr. Cylvick was willing to entertain other suggestions on how to better help the customers understand the data.

Dennis Derango, Lot G-38 on Windy Ridge, stated that Brody and Trevor found a leak he had between the meter and the house. He asked if there was another way to fix it between the meter and the house in a smaller diameter so he would not have to wait until Spring to dig it up. Trevor noted that Dennis has 1,000 gallon storage tanks but that is a limited amount of water. He and Brody went up yesterday and isolated the leak. If the meter is turned on and the water in the house is turned off it was still leaking. The leak is somewhere between the meter box and the house on Dennis' side and it is impossible to fix this time of year. They suggested that Dennis fill his tanks and see how long the water lasts. Trevor stated that he and Brody advised Dennis to attend the meeting and let the Board know that he was aware of his leak and that he would try his best not to waste the water on the ground until he could get it repaired.

Mr. Cylvick asked about the severity of the leak. Trevor stated that the meter was showing half a gallon per minute. Mr. Cylvick pointed out that it was not a massive leak. Dennis noted that it takes approximately two hours to fill the tanks. Mr. Cylvick calculated that they would lose 60 gallons of water filling a 1,000 tank. Dennis was unsure if it leaked that much because the pressure goes toward the house. He stated that when they shut off the house in December it was not leaking at the meter. Trevor confirmed that when they shut off the house Brody had a zero reading at the meter. Therefore, they figured it had to something to do with the pressure system or the tank. Dennis stated that he called the fire sprinkler service person and after six hours he could not find a leak. He did not complain about his usage when he received his bill because they use a lot of water, but after he received a call from Carol about a slow leak he knew something was wrong.

Mr. Cylvick asked if it could possibly be a meter issue. Trevor stated that it would be leaking more than the reading if the meter was bad. Mr. Cylvick stated that at half a gallon a minute, he suggested that Dennis fill his tanks, lose the 60 gallons into the ground, and then shut everything off until Spring. Mr. Cylvick suspected that Dennis had a small rock in the line and a small crack. His advice would be to tear out the old line and put in a new line.

Unpaid Bills

Trevor reviewed the unpaid bills. Allwest Communications and Catapultion were for the internet. The bill from Apco was to reset the computer. The anti-virus program was attacking the Wonderware Software they use to read the tanks and it kept shutting off

the computer. Cleary Building Corporation was the remainder of the balance after the down payment on the shop. KGC Associates was for Carol's services, Pine Meadow Mutual Water Company was the escrow debt reserve fund for the loan, Revenue Recovery was the collection fee, Rocky Mountain Power was the monthly power bill, Select Health was the health insurance premium, Summit County Health Department were water samples, Utah State Division of Finance was for the two loans.

MOTION: Eric Cylvick made a motion to pay the unpaid bills, excluding the bill from Clearly Building Corp of \$8,941. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual.

Mr. Gilliam thought it would be helpful if Carol could email them the financials on the day of the meeting so they would have time to review it. Mr. Cylvick stated that Carol could do a PDF and email the financials with the minutes. He noted that the minutes come from the transcriber but he thought it could be consolidated to send the minutes and the financials at the same time.

MOTION: Eric Cylvick moved to APPROVE the Profit and Loss/Budget versus Actual dated February 12, 2015. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cylvick believed the \$239,294 in Brighton Bank checking was the amount left on the loan. He noted that there was \$170,000 in the debt reserve. Approximately \$631,000 was their money in various accounts. Technically, only one account was the debt reserve. Mr. Cylvick stated that they had already collected 65% of the 97% they usually collect in assessments. He expected an additional \$225,000. A significant amount of money has been set aside in case of an emergency or to replace old infrastructure.

MOTION: Eric Cylvick moved to APPROVE the balance sheet dated February 12th, 2015. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Correspondence

Mr. Cylvick reported on a call he received from Jeff Camp, whose father owns a cabin across and down. He was on the HOA for a long time. He has a friend who owns 10 or 20 water systems in the east, and they buy and manager water systems. Mr. Camp left him a message asking if Pine Meadow would ever be interested in considering selling the water system. Mr. Cylvick left Mr. Camp a message saying that they had recently spent money on evaluations when they were dealing with Mountain Regional. He asked Mr. Camp to attend a meeting to talk to the Board because they were interested in hearing all the options. Mr. Cylvick thought it was worthwhile for the Board to listen to what this company has to say. He pointed out that if they annex into Mountain Regional the Water Company would still be responsible for paying off their debt, but Mountain Regional would get all of the assessments. Mr. Cylvick felt that was reasonable because the Water Company has a similar policy when they annex in a property. However, he could see a different scenario where the Water Company could be relieved of their debt to a certain extent. He noted that if they ever go through Mountain Regional they would not only have to pay down the debt, they would have a rate increase. It would be beneficial to learn what they can from this other company at no cost.

Mr. Cylvick reported that Ryan Ficklin was asking for a one time reduction. His lot is currently in collections from 2004. He has requested a reduction based on average use. Leaking toilets have been repaired and the washing machine was removed from the cabin.

Mr. Cragun noted that there were two letters, one from Mr. Ficklin and one from the renter. Mr. Cragun stated that a quick synopsis is that the Board cannot grant the one-time reduction. Mr. Cylvick pointed out that the Board could not give a one-time reduction if it was not the result of a leak. Trevor stated that Mr. Ficklin was asking for a reduction because he is in law school and cannot afford to pay his bill. It was a rental house on Uinta View and they were on track to use another 96,000 gallons of water this year if they keep with the same practice. They used 8,000 gallons a month for the first two months of the year and it is not the peak rental season. Trevor noted that the house is rented out on a nightly basis. He provided water usage numbers on nightly rental cabins since the Smart Meters were installed four years ago which showed excessive water use.

Mr. Cragun did not believe the Water Company should be paying for the renters. Mr. Cylvick agreed. He was not in favor of a one-time reduction. He reiterated that the Board could only give a one-time reduction for a leak and only with proof that the leak has been repaired.

Mr. Cylvick asked Carol to tell Mr. Ficklin that the Board sympathizes with his situation but the Bylaws prevent them from granting the one-time reduction.

Manager's Report

Trevor reported that he and Brody found a number of leaks last month. The leaks were repaired and the history trends were looking good.

Mr. Cylvick asked about the low pressure complaint. Trevor explained how they checked the pressure and found that the problem was with the pilot in the house. The owner was going to call their boiler company to come and look at it.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:35 p.m.

Minutes Approved

Date