

April 9,
2015

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, MARCH 12, 2015

SUMMIT COUNTY, UTAH

Board Members in Attendance: Cal Cragun, Bill George Craig Gilliam, Tony Tyler - Board members present.

Ex Officio: Brody Blonquist

Eric Cylvick was excused.

Cal Cragun called the meeting to order at 6:32 p.m.

Minutes

MOTION: Cal Cragun moved to APPROVE the minutes of February 12, 2015 as written. Bill George seconded the motion.

VOTE: The motion passed. Tony Tyler abstained since he was absent for the February 12th meeting.

Financials

The Board reviewed the Profit and Loss/Budget versus Actual. Mr. Tyler noted that the metered water assessment for 2015 was at 78% collected to date and the standby assessments were at 83% collected to date. The excess water collected to date was 29%.

Mr. George asked how that compared to this time last year. Mr. Tyler thought the percentages were higher than a year ago. Brody pointed out that a large portion of the remaining 22% of the metered water assessment is paid quarterly, and that percentage will increase as payments are made. Mr. George asked if the request to pay quarterly is set up through Carol. Brody answered yes. If the property owner contacts Carol she will work with them to set up a monthly or quarterly payment plan.

Craig Gilliam noted that they were 86% of budget for the total insurance. He asked if

the majority of the premium was paid upfront at the beginning of the year. Mr. Tyler replied that from the HOA perspective, all of their policies renew in February. He assumed it was similar for the Water Company. Mr. Cragun noted that the health insurance for the Water Company is paid monthly. Mr. Tyler clarified that the health insurance premium was under a different line item as employee compensation. He assumed Mr. Gilliam was talking about the Directors and Officers Insurance and auto insurance, and he believed those numbers were the annual amounts.

MOTION: Cal Cragun moved to APPROVE the profit and loss/budget versus actual for March 12, 2015. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cragun noted that the \$171,000 was the debt reserve required for the loan, and the \$239,000 amount was the remaining loan money that has not been used.

MOTION: Cal Cragun moved to APPROVE the balance sheet per year comparison as of February 12, 2015. Tony Tyler seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. Allwest Communication and Catapultion was for the internet. APCO Incorporated was for control engineering for the SCADA system when the computer went down two weeks ago. Clearly Building Corp was the amount being withheld from payment until the project is completed. KGC Associates was for Carol's services, Pine Meadow Mutual Water Company was the debt reserve for the loan. Revenue Recovery was the fee to the collection agency for payments made directly to the Water Company. Rocky Mountain Power was the monthly power bill. Select Health was the health insurance premium. Suburban Propane was the annual rental on the propane tank. Utah Government Trusts was for Workers' Comp Insurance. The Utah State Division of Finance were the two loan payments.

MOTION: Cal Cragun moved to pay the unpaid bills as of February 12, 2015 as presented, except for Cleary Building Corp. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Brody reported that he was recently made aware of a requirement by the State of Utah that the Board needed to address this evening. He had attended rural water training in St. George. In addition to training he had face time with the Division of Drinking Water and Environmental Equality. They brought to his attention the cross connection in the Pine Meadow Water system. Brody stated that it was brought to his attention five years ago but they have not had the time to do anything about it. Brody explained that five years ago the State inspected the water system and found it was in violation. Currently they are at 75 points in the State of Utah which makes them an approved water system. If they reach 150 points it becomes an unapproved water system, at which point the State steps in and takes over the Water Company finances to fix the violation.

Brody read a letter he had drafted to send to the property owners.

Dear Pine Meadow Mutual Water Company customers. It has been brought to our attention by the State of Utah Division of Drinking Water that we have unprotected cross connections present in our water system. There are unprotected cross connections within the distribution system consisting of private on-site unapproved water storage cisterns connected to the water system that are being used throughout the year. The Division of Drinking Water has given us two years to correct the problem to become compliant with the Drinking Water Standards. The time line they have given us and the way to correct the problem consists of three parts. The first part is a home inspection beginning in May of 2015. This is all meter connections whether or not you have a cistern. All metered connections will be an inspection to see if there is a cross connection present on the property. Once the assessment is made and if you do have a cross connection present, we will give you the information needed to correct the problem. If you do not comply with having a home inspection done on your property, water will be terminated due to not following the Informed Rules and Regulation of Pine Meadow Mutual Water. This compliance section can be found in the Rules and Regulations in Section 311 and 310.1.

Brody explained that the cross connection control program in the Rules and Regulations states that if you do not follow the cross connection standards the Water Company can terminate service. Brody continued reading the letter.

Part Two, all customers who have a cross connection on their property will be given until September 2016 to correct the problem. Once the cross connection has been fixed the Water Company will need to be contacted to re-inspect the

property to make sure it has been fixed property. If you fail within the time period to fix the problem, water will be terminated unless other arrangements are made with the Pine Meadow Mutual Water Company Board of Trustees.

Mr. Tyler suggested adding language stating that the Water Company has no obligation to allow extending inspections beyond September 2016. Brody noted that he would be sending the draft letter to each of the Board members and he encouraged them to add their comments or suggestions.

Part Three is ongoing inspections. We will still have ongoing inspections over the years that will be determined by the Board of Trustees. These could be every three to five years.

Brody point stated that once they reach stage three, the Water Company can contact the owner and request an immediate inspection to make sure no one has re-connected the cross connection. Mr. Tyler asked if the storage tanks that are currently hooked up to the water system pose a risk because they can backflow into the system. Brody answered yes. If they lose pressure in the system and individual lots are on their cistern it could suck back in. The Water Company has no way of knowing what the individual tanks look like, if they are sealed good enough, or where the water is coming from. Mr. Tyler asked if there was an approved backflow preventer that could be used. Brody stated that he would be talking about backflow preventers later.

The main goal of Pine Meadow Mutual Water is to provide safe drinking water to our community, and we hope that all of our customers will attain that goal. We will help in any way we can to bring our Water Company back into compliance with the State of Utah Division of Drinking Water. We will begin taking dates and times by email for home inspections as you receive this letter. Inspections will be given on a first come, first served basis and can be done Monday through Friday from 9:00 a.m. to 2:00 p.m. If you cannot make it to your property, please have someone who can sign the form and be accountable for your property. Please send all emails to my email to get on the list for home inspections. Please reference your lot number in the email. I will try to send a reminder a day or two in advance.

Brody provided a copy of the home inspection report. He plans to have them copied at Kinko's with a carbon copy so the homeowner can be given the yellow copy and the Water Company has a copy for their records. Brody pointed out that if a property does not have a cistern they are marked off the list and no further inspections are required.

Brody stated that his wife is the backflow administrator for Mountain Regional Water and without her help he would have been lost in the process.

Mr. Tyler asked for the reason in asking whether fire suppression or a sprinkler system is installed. Brody stated that because some homes have fire suppression and sprinkler systems and they are required to have a double backflow. Mr. Tyler asked for clarification on HBVP. Brody explained that it is a hose vacuum breaker. It is an anti-suction device that screws on to the yard hydrant and the hose bib. If the pressure drops for any reason it creates a vacuum that will break it right there and not allow it to suck. Mr. Tyler asked if the Water Company would provide it to everyone. Brody replied that it was a question for the Board. They are \$4.05 each. Mr. Tyler thought it should be provided. Brody remarked that in the past when hydrants were required the Water Company gave everyone a yard hydrant. In his opinion the yard hydrant belongs to the Water Company even though it is on the other side of the meter. Yard hydrants are no longer required and some lots do not have them. He suggested starting with an order of 300 devices and he and Trevor could install them when they are doing the home inspection. If the owner has more than one hose bib they would have to purchase additional breakers because the water Company would only provide one per customer.

Mr. Tyler suggested that with the letter they should also provide information about what they would be looking for. Brody was hesitant to send that information with the letter because he was trying to keep the cost of postage to a minimum. He had a lot of addition information that he would give to the homeowners when they do the home inspection. Mr. Tyler stated that if he receives the letter and he has a cistern, it would be helpful to also have information about backflow preventers and other measures that could be done to make an approved cross connection, so the owner has the opportunity to fix the problem before it is inspected.

Mr. Gilliam thought it was better to post the information on the website and state in the letter where the information could be found. Mr. Tyler agreed. Brody believed this would be one of the largest undertakings the Water Company has had in terms of customer relation. He noted that Mountain Regional went through this same process several years ago, and after talking to his wife he was convinced that people would not be happy. However, in order to comply with the State of Utah and the EPA, they have no choice but to do this.

Brody presented a copy of the backflow prevention fact sheet. It explains what a cross connection is and how it could potentially contaminate the water system. Mr. Tyler asked if it was worth looking at a requirement for future connections to have a back

flow. Mr. Gilliam agreed that any new construction should have that requirement. Mr. Tyler believed that backflow preventers were required by Code for new constructions. Brody noted that some of the wording in the bylaws will need to be changed to meet current requirements and the names of State Agencies. He read from the Rules and Regulations 311.11 Backflow Prevention and Cross Connection Control. "All water connections to the company system regardless of when, shall have installed a backflow prevention device in order to protect the safe drinking water quality of the system in compliance with the Uniform Plumbing Code in effect in Summit County." Approved Device Required. "All backflow prevention devices shall be of a type or kind approved by the Utah Department of Environmental Quality. The Company shall provide and install the initial backflow assembly device at the meter at the Company's expense as part of the new meter installation and hook-up, maintained by the Company at no additional cost to the shareholders. All shareholders shall comply with the backflow prevention and cross connection Rules and Regulations of the Safe Drinking Water Committee of the State of Utah and these Rules and Regulations. Shut-off. "For violation of these Rules and Regulations, the Company shall be entitled to shut off water service or to file an action to require compliance with these rules and regulations."

Brody explained the process for finding cisterns in violation, based on his conversations with the State. They can either put in a double back flow or remove the tank. Removing the tank only means that the tank must be disconnected and you have to trust the owner. The tank does not have to be dug up out of the ground. Mr. Tyler suggested that Brody should also document with photographs that the tank has been disconnected to reduce the liability for the Water Company. He also recommended adding a line stating that if the tank is reconnected it has to be re-inspected within 30 days. Brody noted that the State also suggested that if an owner could not afford to dig up their tank, they should have a construction company haul in a load of gravel or dirt and shovel it into the tank.

Mr. Gilliam thought they should be prepared for the question of how much it will cost the property owner to put in a double backflow. Brody stated that there are different kinds at different prices. Mr. Gilliam suggested having a range so they can at least give the property owner an estimate when the question is asked. Brody pointed out that the biggest problem with the reduced pressure principle backflow assembly, which everyone will have to install, is that they have to be inspected yearly by a certified backflow technician. It will be the responsibility of the homeowner to arrange for the inspection and pay for it, and to send the inspection report to the Water Company. Brody had warning letters, etc., that Mountain Regional uses to send out to their customers.

Mr. Cragun asked if Mountain Regional had obtained legal advice when they drafted the three letters they send to their customers. Brody assumed they had. Mr. Tyler recommended that they have their attorney, Ted Barnes, review the letters regardless. Mr. Cragun concurred. Brody stated that he had spoken with Eric Cylvick and once Brody has his letter completed he would have Ted Barnes review and approve it before it is sent out. Mr. Tyler thought that should also apply to any forms or documents that Mountain Regional uses.

Mr. Cragun questioned the reference to lawn irrigation systems. Brody stated that it comes with everything cross connection and that information must be included. He understood that it specifically says lawn and garden, but people do use their hoses to water trees and other vegetation. Brody clarified that it was a format letter that Mountain Regional uses. It was only an example and it could be changed to be specific to the Water Company.

Brody stated that he would revise his letter to say that home inspections would be done from May 2015 through October 2015. Therefore, they had a short time frame to work out the details, have the letters and documents approved by the attorney, and to mail the letters to the owners. He encouraged the Board to act quickly.

Brody reported that Dave Dillman had the plans ready for the pump house from the 500,000 gallon tank to the 200,000 gallon tank. He will meet with Mr. Dillman next week to review the plans before it goes out to bid. They still needed to figure out a timetable for when the bid ends and when the bid would be awarded, depending on weather and snow. Mr. Tyler assumed the Board would vote on awarding the bid. Brody stated that they were required to award to the lowest bidder because they were using State funds. However, the Board would still have to vote to pay the cost.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:13.

Minutes Approved

Pine Meadow Mutual Water Company
Monthly Board Meeting
March 12, 2015
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Date