

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY AUGUST 13, 2015

SUMMIT COUNTY, UTAH

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

Ex Officio: Brody Blonquist, Trevor Townsend

Excused: Tony Tyler was excused.

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 July 16, 2015 as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. Cragun noted that Carol had sent a letter to the property owner of the rental that was discussed at the last meeting and the owner said he would pay the balance in full. Mr. Cylvick stated that after August 15th they would start locking the meters. He pointed out that if they wait until September the Water Company will lose its leverage.

Mr. Gilliam asked about the other two properties that were in foreclosure. Brody replied that five properties were up for foreclosure and he understood that three out of the five said they would pay in full. Trevor stated that once they notified the owners that the meters would be locked on August 15th, three property owners started working with Frieda, with Revenue Recovery, to pay off their balance prior to August 15th.

Mr. Cylvick noted that they had budgeted for one impact fee and they had already received five this year. Mr. Cylvick pointed out taking into consideration the owners who were making payments, they were only down \$34,000 in terms of collections from excess metered and standby fees.

Brody expected to go over budget significantly on water system repair and maintenance. Mr. Cragun noted that the \$46,000 shown on the top of page 5 was the

amount owed to Weber Basin for the water shares. He asked if it was possible to lower that amount through Mountain Regional. Brody answered no, because Mountain Regional did not need additional water shares. Mr. Cylvick did not believe the Water Company could sell the water shares. The only way to lower the amount would be to give up shares. Brody stated that it was a “use or lose” type of program. If you do not use the shares then you lose them. Mr. Cylvick pointed out that since they only have a certain amount of source, there was really no point in keeping all of the water shares. He did not think that was a decision to make this evening, but they should have that discussion at some point. Brody was concerned that 15-20 years if someone decides to drill a deeper well, the water shares will be more expensive and it would cost more to get them back. Mr. Cylvick asked if the Water Company could sell shares on the open market. Brody did not think they could. He understood that they would have to go back to Weber Basin. Brody suggested that Mr. Cylvick verify that with Dave with Horrocks Engineering.

MOTION: Eric Cylvick moved to APPROVE the Profit and Loss versus Budget dated August 13, 2015. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cylvick understood the new water project would cost \$175,000 which would leave approximately \$25,000. Brody noted that a meter was left out of the bid and it had to be added in for an additional cost of \$5,000.

Mr. Cylvick reminded the Board that they were still expecting a bill from Mountain Regional for approximately \$11,000 for the work that Mountain Regional did on their pump house. He noted that Pine Meadow Water had agreed to pay up to \$22,000 in the Memorandum of Understanding. Mr. Cylvick believed they had enough loan money to finish the pump house and pay the \$11,000 for Mountain Regional.

Mr. Cylvick reported that the Water Company had paid off the full balance on Fred Bacon’s note to Mountain Regional.

MOTION: Craig Gilliam moved to APPROVE the balance sheet as presented. Cal Cragun seconded the motion.

Unpaid Bills

Mr. Cragun requested that Mr. Cylvick mark all the payments on the bills details that should go under the loan so Carol could request the money.

Brody Blonquist reviewed the unpaid bills. He noted that Allwest Communications was a credit. All West had been billing Brody's line as a business line and when the mistake was discovered they issued the Water Company a credit. Abco Inc. was to have a radio repaired. Catapulsion was also for the internet. Clyde Snow Swenson was the attorney. Delco Western was for the valve that was installed at the Tollgate well. Evco House of Hose was showing a credit. Ferguson Enterprise was for a meter that was installed at the switchback. A valve went out and they were unable to tell whether or not it was pumping water. The second charge on the Ferguson bill was for miscellaneous parts. HD Supply Water Works was for parts and supplies for the new meter installs. KGC Associates was for Carol's services. The two bills from Meter Works were for new meters for the new meter connections and the other charge was for replacement antennas. 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. Utah State Division of Finance was for the two loans. The Utah State Tax Commission was to inspect the Ford for registration renewal. Verizon Wireless were the cell phones.

MOTION: Eric Cylvick made a motion to pay the unpaid bills dated August 13, 2015. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cragun noted that the bill from Clyde, Snow and Swenson indicated that the charges were related to an insurance deal. Mr. Cylvick explained that he spoke with the attorney prior to his meeting with Mountain Regional to discuss a number of items and to get advice on potential arguments in their favor.

Manager's Report

Brody reported that he and Trevor had done approximately five or six new meter installs. Carol had sent a list showing nine installs; however, three were from last year and one or two that were foreclosed on were hooked back up because the balances were paid in full

Brody remarked that there have been a lot of problems on the Uncle Tom's side. He reported at the last meeting that a valve had gone down and they were still trying to find the top for that valve. In the meantime they have just been running the well to keep Pine Meadow Drive full of water. It is pumping up to the tank and not overflowing, but a panel went down. It was an old panel and he had Delco Western come up to replace it.

Brody stated that no one has been out of water, which is a good thing for this time of year.

Brody noticed from the history trends that they were not using as much water. The old pump up by the 500,000 gallon tank was torn down and they were supposed to pour the floor the next day. The walls would be poured the following week. The two new pumps that were ordered for the building were on back order. Brody requested that they put the old pumps back in until the two new pumps arrive.

Brody reported that the cross-connection inspections were moving slowly. They had only done ten inspections since the last meeting; and only 120 out of 400+ connections had been inspected. The inspections were supposed to be completed by October. Brody and Trevor met with someone from the Rural Water Association at no cost because the Water Company pays a yearly fee to be part of the Association. Brody stated that this person would talk to the State and let them know that Pine Meadow Water was working with Rural Water and that things were progressing forward. The hope is that the State would take some pressure off of the Water Company.

Miscellaneous

Mr. Cylvick had met with Mountain Regional about rates. The MOU specifies standard vault rates and he was hoping to get a reduction due to their relationship of back feeding. Unfortunately, Mountain Regional was not agreeable to a reduction. The cost would be approximately \$15.53. The breakdown is \$12.50/1,000 gallons and \$3.03/1,000 charged for the electric bill to pump up the hill. Mr. Cylvick believed the problem was that Mountain Regional has a set fee schedule. Mr. Cylvick clarified that he had not agreed to any numbers. He noted that if the Board wanted to pursue a reduction he could appeal directly to the Mountain Regional Board instead of working with the General Manager. Mr. Cylvick understood the pumping charge because it is expensive to pump up. However, for the water he was hoping for \$8.00 to \$10.00/1,000 gallons.

Brody stated that Pine Meadow Water is now a service provider for Mountain Regional and that should account for something. He pointed out that the Water Company took a huge burden off of Mountain Regional by taking out the pneumatic pump system. Mr. Cylvick summarized his conversation with the General Manager at Mountain Regional. Brody stated he was originally told that if 12 customers used 10,000 gallons per month, Mountain Regional would pump 10,000 gallons and zero it out every month. Brody told Chris he did not want to do that. He wanted to put the 10,000 gallons in a bank and the next month put 12,000 in a bank. In two months they would have 22,000

gallons. Brody noted that Mountain Regional had agreed to his request and he thought they should continue with that approach and bank all the water. Mr. Cylvick agreed, because if they have a major leak in the future they would have water banked as a credit. Mr. Gilliam stated that if they anticipate a high usage they could always appeal to the Mountain Regional Board at that point. He thought Mr. Cylvick took the appropriate steps, but the General Manager would never make a decision against the rates that were set.

Mr. Cylvick was told that water that is pumped in the event of a fire would have different rates because at that point it becomes a matter of cross protection. He would talk to Ted Barnes to see whether they should have something in writing related to water supplied during a fire. Mr. Cragun thought it should be in writing because the Mountain Regional Board will change over time and new Board members might have a different interpretation of what the current Board agreed to.

Mr. Cragun reported that the two lots that Joe Rush had were ready to sell. Carol advised the buyers to go through a title company and not to use Joe Rush's attorney.

Brody requested a new tap for the pipe. He had a pipe blow up on him last year because the hot tap was old and outdated. Brody explained the procedure for installing a tap to keep from having to shut down and drain the main line to drill a hole in the pipe. Mr. Cylvick understood that the hot tap screws through the blue pipe and they turn it with a wrench. Brody stated that it is threaded and if the drill is not drilling at the other end, it basically tries to push through the PVC pipe. There is no relief, which is why the pipe blew up last year in Forest Meadows.

Brody estimated that a new tap would cost approximately \$2,000. It was more expensive but a lot safer.

MOTION: Eric Cylvick made a motion to purchase a hot tap in the amount of approximately \$2,000. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:22 p.m.

Pine Meadow Mutual Water Company
Monthly Board Meeting
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Minutes Approved

Date