

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, SEPTEMBER 17, 2015

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Craig Gilliam, Tony Tyler - Board members present. Bill George arrived later in the meeting.

Ex Officio: Brody Blonquist

Eric Cylvick called the meeting to order at 6:32 p.m.

Minutes

MOTION: Cal Cragun moved to APPROVE the minutes of August 13, 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 the water assessment collected was slightly over 100% because some owners continue to make payments that accrue for the following year. Mr. Cylvick stated that they were ahead of budget on the standby water assessment for 2015. They were slightly under what was budgeted for excess water usage.

Mr. Tyler noted that the HOA was also currently at 100% of budget on assessments; and he believed it was the first time in the history of the HOA.

Mr. Gilliam wanted to know how Carol tracks and informs the Boards members on which lots have and have not paid. Mr. Tyler replied that the Board is not given that information on a regular basis. Mr. Cylvick explained that Carol informs the Board when specific lots are sent to collections or there is an issue with a particular account. Brody understood that when George Sears was President, the Board preferred not to see those numbers because they did not want to be put in a position of treating anyone different knowing that they were delinquent on their assessment. Mr. Tyler thought those situations were no longer an issue because of the collection process.

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Mr. Tyler noted that impact fees and connection fees were higher than budget.

MOTION: Tony Tyler moved to APPROVE the profit and loss/budget versus actual for September 17, 2015. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cylvick noted that there was \$200,000 in the debt reserve required for the loan. Mr. Cragun stated that they were a little short in the checking account and Carol intended to transfer funds the next day.

MOTION: Eric Cylvick moved to APPROVE the balance sheet per year comparison as of September 17, 2015. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. Allwest Communication and Catapulsion was for the internet. APCO Incorporated was to have Phil come up for one day when the 500,000 gallon tank was being worked on. Brody thought the expense could be reimbursed from the loan. Clyde Snow Session and Swenson were legal fees. The bill from Coalville Auto and Farm Supply was for anti-freeze. Evco was showing a credit. Ferguson Enterprise was for parts for the meter installs. Horrocks Engineers was engineering work on the pump house. KGC Associates was for Carol's services, Meter Works were meters for the new installs.

Mr. Cylvick explained that the \$14,000 from Mountain Regional Water was the cost to change their pump system so it could pump up to the Pine Meadow 500,000 tank. It was a cost that Pine Meadow Water agreed to pay, in exchange for a credit of one million gallons of water.

Brody continued with the unpaid bills. The bill from Mountain States Water Works was also for meter new installs. 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. USA Bluebook was for the new tap. Utah Government Trusts was for Workers' Comp Insurance. The Utah State Division of Finance were the two loan payments. The Utah State Tax Commission was

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to license and register the Ford, the big bubba trailer and the back trailer. Verizon Wireless was for cell phones.

MOTION: Eric Cylvick moved to pay the unpaid bills as of September 17, 2015 in the amount of \$57,018.98. Tony Tyler seconded the motion.

VOTE: The motion passed unanimously.

Brody noted that the bill from Rocky Mountain Power was for \$5,270.68; however, the sheet he had showed the previous account balance as \$2,400. Mr. Tyler thought it may be due to a billing discrepancy where the payment and the statement crossed in the mail. Mr. Gilliam indicated where the previous balance was shown as paid. Therefore, the \$5,270 showing was a new amount due. Mr. Gilliam agreed with Brody that the itemization did not add up to the amount due.

Mr. Cylvick asked Carol to clarify the amount owed to Rocky Mountain Power before paying the bill; and whether any portion of the \$5,270.68 should be applied to the loan, possibly for the pump house.

Manager's Report

Brody reported that everything was going well. He and Trevor were busy with meter installs. The hardest part of doing a meter install is getting people to mark where they want it installed. He told Carol that any install that is not marked by October 15th would not be installed until next year.

In addition to installing meters next week, Brody and Trevor plan to pull out the old PRV to help alleviate some of the problems. Brody stated that they were still waiting on the valve that was ordered for the switchback and it should come in within the next week.

Brody expected that the 500,000 gallon project would be completed in the next two weeks.

Bill George Arrived.

Brody reported that a week earlier he received a phone call from a property owner who lives down past the new well house. His well was going dry and he wanted to know what the Water Company could do to supply him with water. Brody told him that the Water Company did not have water lines in that area. The owner offered to pay for all the costs of running a pipeline to his area. When Brody explained that the cost could be

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as high as \$300,000 he asked if there were other options. Brody suggested that he come to the Board meeting and talk with the Board. The owner first wanted to look into other options.

Mr. Cylvick asked if they could extend the water line from the last cabin. Brody stated that it would have to come down from Moss' cabin, which is half a mile. Brody informed the owner that it would cost a lot of money to hook up to the Water Company because of the work and parts involved. Brody explained that there were ways to potentially supply the owner with water, but he was not certain that it would be approved by the State of Utah. He noted that the State currently requires every new line to be an 8" line.

Mr. Tyler suggested that if the owner was interested, he could pay the engineering cost for a design and to have the Water Company determine the cost based on the design. They should let the owner know upfront that it could be prohibitively expensive. Brody understood that the owner was trying to sell his property, which is why he needs water. Mr. Tyler remarked that the property with the house and garage was listed at \$1.25 million.

Mr. Cylvick was unsure of the process. Mr. Tyler stated that it would be the same as with any other utility. The Water Company would have to solicit a design from an engineer and the owner would have to pay the total amount of the design upfront. The Water Company would put it out to bid to obtain a cost, and the owner would have to pay 100% of the cost upfront before the Water Company would do the work. The Water Company could increase the bid amount to cover the cost of inconvenience and administrative work.

Brody stated that he personally did not want water running down that canyon because it would be a nightmare to maintain. Mr. Cylvick stated that they would factor that into the cost. Brody noted that the owner told him that his well water was no good, and he believed that was prompting his request.

Brody presented a notice for the Summit County Council public hearing on the Deer Meadows Development. Mr. Tyler explained that the HOA agreed to a development agreement with Deer Meadows, whereby Mr. McAllister has to join the HOA and pay the transfer fee that is associated with every lot. He also has to purchase and retire density within the Ranch to move that development right to its parcel in order to subdivide it. It is a neutral density proposal. Mr. McAllister was taking that agreement to the County Council along with his development plan in hopes of getting it approved. Deer Meadows would retire density rights within the Ranch in exchange for the HOA supporting their subdivision. Mr. Tyler stated that a benefit is that by joining the HOA

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Deer Meadows is subject to the Pine Meadow architectural controls. They also added an additional .5% transfer fee on every sale of every lot in perpetuity in that subdivision. Mr. Tyler stated that the HOA Board thought the agreement was a good deal. It forces every development around the Ranch who wants to subdivide, to buy lots and retire the density. They would also be required to join the HOA and provide transfer fees in perpetuity.

Brody remarked that from the standpoint of the Water Company those developments still impact the water system. They will pay less expensive rates because of the fire hydrants, and if there is a fire they would be using Pine Meadow water. Brody thought those developments should be made to pay for the water used in an emergency. Mr. Cylvick asked if the Water Company would have any ability to make a claim. Mr. Gilliam thought they should be able to, but he was unsure. Mr. Cylvick offered to find out.

Mr. Tyler explained that his concern was that at some point in the future there will be a change in Council members, leaving the possibility that density could be added to the Mountain. The HOA Board tried to create a structure that allows for development but under specific terms. That was a key issue from their standpoint. It is a neutral density proposal with nothing but positive impacts for the HOA. Mr. Tyler noted that Ted Barnes had drafted the agreement between the HOA and Deer Meadows.

Mr. Cylvick thought they needed to think about a future policy now that they have access to water. In his opinion, it was more of an engineering issue and how it impacts the homeowners and the water system. He was not opposed to annexation, but up until now it was only one or two annexations at a time. In the case of Deer Meadows it could mean seven annexations if they cannot not find water within the development. Mr. Cylvick suggested that they consider everything on a case by case basis.

Mr. Tyler asked for an update on the rental cabin and other lots that owed a significant amount in past due assessments. Brody understood that all the lot owners paid in full after receiving their notices.

Mr. Gilliam recalled an incident with a couple on Navaho who attended several Board meetings and argued reasons why they should not have to pay their excess water bill. Brody believed they had either paid or set up a payment plan.

Brody stated the only meter they locked was a lot halfway down Pine Meadow Drive because the owner had not paid and would not meet the terms set forth by the Board.

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

Minutes Approved

Date