

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, FEBRUARY 8, 2018

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Steve Anderson, Scott Smith – Board Members. Tom LeCheminant – HOA representative

Ex-Officio: Brody Blonquist

Excused: Duane Yamashiro

Guest: Robert Walthall, Lot E-90.

Eric Cylvick called the meeting to order at 6:35 p.m.

### **Approval of Minutes**

MOTION: Eric Cylvick moved to APPROVE the Minutes of January 11, 2018 as written. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

### **Open Forum**

#### Lot E-90

Robert Walthall, Lot E-90, stated that he moved to the Ranch almost years ago. At that time, they did not understand that water was such a precious resource and they used a lot of water that first year due to leaks. They received a \$4,000 water bill and fixed the leaks. Mr. Walthall was before the Board this evening to request a one-time reduction.

Mr. Cylvick asked if the leaks were inside the house. Mr. Walthall replied that the toilets were leaking. He had fixed the part that was leaking and intended to replace the rest of the parts.

Mr. Cylvick asked if Mr. Walthall had proof that the leak was fixed. Brody stated that the difficulty with toilets is that most people can repair the leak themselves. He thought this was a situation where the Board would just have to make a decision. Brody noted that Mr. Walthall was not on the continuous leak list, which indicates that the leak was fixed inside the house. He emphasized that if Mr. Walthall is granted the one-time reduction, he would not be able to use it again if another leak occurs.

Mr. Anderson asked if the request was consistent with their standard practice. Mr. Cylvick answered yes. He explained that the reduction is based on a calculated formula. It is not a simple 50% reduction. Mr. Cylvick was comfortable granting the one-time reduction.

MOTION: Eric Cylvick moved to grant Robert Walthall, Lot E90, the one-time reduction on his water bill due to a leak found in his house. Board Member Anderson seconded the motion.

VOTE: The motion passed unanimously.

#### Lot E-99

Brody reported that Earl and Delores Allison, Lot E-99, had a leak that was repaired. They were also requesting a one-time reduction. Brody recalled that the total bill was \$2,075 and the owners had paid \$760.00.

Mr. Anderson clarified that the normal cost is approximately 8 cents per gallon. He asked if the \$1315 reduces the amount below the normal cost. Brody explained that when the one-time reduction was first considered by the Board, the formula was established to make sure the Water Company would not lose money. Mr. Anderson believed the reduction would be more than 50%. Mr. Cylvick understood that the total bill was \$2,075. Minus payments and credits of \$760, the remaining balance would be \$1315.

The Board had questions on how Carol had calculated the invoices. Mr. Cylvick stated that he would contact Carol and ask her to explain the calculations. Mr. Anderson noted that there were discrepancies on the invoice for Mr. Walthall as well.

Brody suggested that the Board approve the one-time reduction for Earl and Delores Allison this evening because he did have a leak. Either he or Mr. Cylvick could talk to Carol about the calculations before the actual bill goes out to the property owners.

MOTION: Eric Cylvick moved to APPROVE the one-time reduction for Earl and Delores Allison, Lot E-99. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick asked Brody to follow up with Carol.

#### Bid for Website

Mr. Cylvick stated that the bid from David Denning for the website upgrades was \$3800. He noted that Carol had gone through this with someone else and their bid was \$ 7,000-

\$8,000. Mr. Cylvick disclosed that David Denning is the Web Developer from his Company. Mr. Denning had done his conversion and the total was approximately \$6,000 because the work was more extensive. Mr. Cylvick stated that Carol has been receiving complaints about the Water Company website because it is not mobile or tablet friendly. Also, the https is not secure and when people use Chrome it says that the website is unsecured and they are blocked from using it. Brody thought the Water Company should alter the tag so people can pay online. Mr. Anderson was not opposed to paying online as long as they can make sure the site is secure.

MOTION: Steve Anderson moved to accept the Immersion Development bid from David Denning in the amount of \$3800 to upgrade the website. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

### **Unpaid Bills**

Brody reviewed the unpaid bills. He had used the Evco House of House credit for parts for the air compressor that they were preparing to use this summer. Horrocks Engineering was to update the source protection for Bobcat Springs required by the State of Utah. KGC Associates was Carol's services. Mountainland Auto Sales was the final payment on the truck. Pine Meadow Mutual Water was the escrow for the loans. Pine Meadow Ranch was for one load of road base and the rental of a compactor. Revenue Recovery was the collection agency. Rocky Mountain Power was the monthly power bill. Select Health was the health insurance premium. State Division of Finance were the two loan payments. Verizon Wireless was for cellphones. White Auto Parts were for fuses.

MOTION: Eric Cylvick made a motion to Approve the unpaid bills dated February 7, 2018 in the amount of \$54,289.43. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

### **Financials**

The Board reviewed the Profit and Loss/Budget versus Actual. Mr. Anderson asked into which account Carol had put the truck in the Budget. Brody recalled that the truck was purchased with cash on hand. Mr. Cylvick stated that it should still be listed in the Profit and Loss. He was unable to find it as well. Brody noted that it was listed under Vehicles on the Balance Sheet under Transportation and Equipment. It was listed at \$52,000 but that did not reflect the \$8,000 trade-in. They actually paid \$44,000 for the truck.

Mr. Cylvick stated his intention to meet with the attorney, Ted Barnes, to find out why the Water Company was paying \$50,000+ for water shares when they cannot get water out of the ground. They could use that money to buy water when needed.

MOTION: Eric Cylvick moved to Approve the Profit and Loss/Budget versus Actual dated February 2018, with the question to Carol on where the second and third payment on the truck were shown; or whether it was part of the December 2017 Financials. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

MOTION: Eric Cylvick moved to APPROVE the Balance Sheet dated February 7, 2018, with an explanation from Carol as to which account the \$8,000 trade-in credit on the truck was reflected.

Mr. Anderson assumed it was included in the total \$52,000 shown for the truck.

Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

Mr. Anderson commented on the \$55,000 they were paying for water shares and suggested that it might be required by the State to back up the loan. Mr. Cylvick agreed that the water shares were collateral against the loan. He explained that they have enough water shares now for their reduced requirements, but they do not have enough water shares for a true community water system. He understood that those water shares were not for the water they have to supply; but rather how much water they need to pull out of the ground to supply what is required. Mr. Cylvick emphasized that they are water shares, not water rights. They are buying those water shares from Weber Basin under the assumption that the Water Company is able to pull out that amount of water. Brody stated that if the pumps ran 24 hours per day/365 days per year, they would only obtain 14 or 15 acre feet. Currently they are paying for 270 acre feet.

In terms of collateral, Mr. Cylvick reported that Ted Barnes met with the State to explain how \$52,000 negatively affects the Water Company and why. Mr. Anderson understood the State's position because the Water Company has to have a certain number of shares in order to pay off the loan. Mr. Cylvick pointed out that the shares are non-transferable and cannot be sold. Mr. Cylvick updated Mr. Smith on the two loans they have with the State.

The Board discussed the issue with the water shares and the loans. Mr. Smith thought the only option would be to re-write the loan agreement with the State. Mr. Cylvick did not believe that was a possibility. However, they might be able to use something else

as collateral in place of the water shares. Brody noted that one water share is equal to one-acre foot, which is 325,000 gallons. Mr. Smith suggested that they could ask the State to reduce the number of shares to what they actually need, and eliminate the excess shares they are paying for. Mr. Cylvick calculated that the source capacity if they pump 24 hours per day would be 22-25 million gallons per year. He was willing to pay shares for that amount of water. Brody estimated that it would be about 15 shares.

Mr. Cylvick stated that he would continue working with Ted Barnes and the State on this matter.

### **Manager's Report**

Brody stated that he and Trevor were still looking for a leak. They had shut off several areas and they will shut down two other areas next week. He hoped they would be able to report finding the leak at the next meeting.

Mr. Cylvick asked if anything could backflow into Bobcat or Contact. Brody stated that Contact has been disconnected. The only place it could go was into Bobcat, but that tank does not overflow. The only place it could flow is back into that tank. He and Trevor had checked it all.

Mr. Anderson asked for an update on the water line that went down someone's easement. Mr. Cylvick preferred to talk about it off the record.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:36 p.m.

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Minutes Approved

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Date