

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JANUARY 19, 2017

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Craig Gilliam - Board members.  
Bill George and Cal Cragun participated via Facetime.

Ex Officio: Brody Blonquist

Excused: Tony Tyler

Guests: Al Anderson, Lot SS-138-B-1, and his son Clay. Gary and LuAnn Jensen, Lot  
PI-C-20-AM

Eric Cylvick called the meeting to order at 6:37 p.m.

**Minutes**

MOTION: Cal Cragun moved to APPROVE the minutes of December 8, 2016 as  
written. Eric Cylvick 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 Inc. was for Phil to come up and fix the telemetry boxes  
inside the closet. BJ Rees' Enterprises was to make a steel plate for the hoise. Clyde  
Snow and Session were legal fees regarding water rights and to draft an MOU. The  
\$13 for Eric Cylvick was to reimburse the cost to record the affidavit. Evco House was  
House was showing a credit. Ferguson Enterprise and Mountain States Supply were  
parts needed to repair a leak. KGC Associates were Carol's services. Rocky Mountain  
Power was the typical power bill. Select Health was the health insurance premium.  
Brody was unsure why they had received an invoice from the State of Utah Division of  
Commerce. Summit County Health Department was for the water sample testing. The  
Division of finance were the two loan payments. Verizon wireless was for the cell  
phones. White Auto was for miscellaneous parts for the trucks.

MOTION: Eric Cylvick moved to pay the unpaid bills dated January 19, 2017. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

### **One-Time Reductions**

Al Anderson stated that he received a letter on December 8, 2016 saying that he owed \$7,299.36 for water. He thought Carol had him mixed up with someone else and he did not pay much attention to it. However, three or four days later he received an itemized statement, and it showed the leaks and correspondence that had occurred. He was unsure when it happened but there was a leak on the Water Company's side and not his meter. Mr. Anderson thought the amount owed was ridiculous and he disputed that he owed that amount. He stated that he has been on the Ranch a long time and originally they were going to run a water line in front of his cabin but they waited until four years ago to bring the line down in front of his property and hook that up to the line that is on the hill.

Brody confirmed that the water line was installed in front of Mr. Anderson's property. Mr. Anderson noted that there is a huge hole on the road in front of his house and he hoped the Water Company would be able to take care of road maintenance and alleviate the bad road situation. He also commented on the need for installing a culvert in that location.

Mr. Anderson remarked that they are part-time owners and when they are not using the cabin the water is turned off at the meter. He was excited when the meters were installed because he thought they would only be paying for water they actually used. However, for whatever reason he was being charged \$800 per year.

Al commented on challenges he encountered this year. He had a yard hydrant and on July 7<sup>th</sup> he took out the old hydrant and installed a new one. It was the second time he had replaced the hydrant since he owned his property. However, the new hydrant was not strong enough to hold the pressure and it blew out. Brody told him that he should remove the hydrant because when they came to fix the leak they found the hydrant was leaking. Mr. Anderson was surprised to find out that the Water Company could do that because he was originally told that he needed to have a hydrant on his property in the event of a fire. Brody had explained to him that if there is a fire the owners should evacuate and let the experts fight the fire. Mr. Anderson pointed out that most of the owners do not know that, and if he had, he would not have spent hours trying to rectify

the problem last summer. Mr. Anderson stated that there was a part that was not working the way it should and it started leaking again. When he turned off his valve up above on the hill, it was leaking and water was always coming down.

Mr. Anderson stated that on August 26<sup>th</sup> he hired a plumber to try to fix the problem. He clipped off a piece of the old plastic pipe and then went to Ferguson Plumbing to get new parts. While that was occurring, Trevor came by his cabin and told him that the main shutoff at the meter was 300 feet on top of the hill had a slow leak, which he said the Water Company would repair and install a new valve to turn the water off and on. Mr. Anderson stated that he made four trips on the ATV to turn the main water on for testing. The pressure pulled the new pipes apart because of the wet, loose mud that resulted from the water running down continuously. The plumber packed the ground with dirt and eventually left. Mr. Anderson pointed out that the valve Trevor had mentioned was repaired, which indicates that the water that was leaking was not on his side. For that reason, he did not believe he was obligated to pay the bill he received.

Brody explained that when he and Trevor found the leak on Mr. Anderson's property the meter was turned on all the way. Mr. Anderson apologized that someone had not turned it off. Brody remarked that the leak was right at the yard hydrant and it was bubbly and gushing out when he and Trevor reached the property.

Brody noted that his correspondence with Carol indicates that the leak was detected early. Carol had contacted Mr. Anderson to let him know that his water had been shut off at the meter and his green frost-free hydrant was leaking three gallons per minute. Brody estimated that approximately a tenth of a gallon per minute ran through his meter. He reiterated that the meter was on all the way on, and when he and Trevor found it was leaking they shut it completely off. Mr. Anderson remarked that the Water Company also installed a new valve up above because it was leaking. Brody replied that it was barely a trickle. Out of the total 136,956 gallons used, Brody claimed responsibility for possibly 6,000 gallons.

Clay Anderson stated that the water was installed in 1979. They used to use the cabin a lot more; but now they typically only go up three or four times a year and mostly just overnight. He noted that they use a small amount of water, yet they are not allowed to only pay for what they use. Everyone is assessed for a minimum amount, which means that some people overpay based on use every year. He stated that his father did his best to fix the problem, including calling a plumber. For 30 years they have overpaid for water because they have always been part-timers. Mr. Anderson thought that fact should be taken into consideration. He also pointed out that with the new system it is easier to detect leaks earlier, and he was unsure how that much water could possibly

leak out.

Brody stated that the meter only sends out an alarm when the meters are being read. For example, if he reads the meters on January 1<sup>st</sup>, and a leak occurs on January 3<sup>rd</sup>, he would not be reading the meters again until February 1<sup>st</sup>; and that would be the first time he would be aware of a leak.

Mr. Anderson asked the Board to give them a one-time exception because for 30 years they have overpaid a considerable amount for the small amount of water they actually used.

Mr. Cylvick stated that the Water Company has a metered assessment and a standby assessment. If a property has a meter on it, the owner is charged the metered assessment, whether or not there is a home on the property. The initial assessment covers a base number of gallons of water for everyone. He explained the history of how it went from a Special Service District to a Mutual Water Company, and how the fee structure was put in place when the Bylaws were written. Mr. Cylvick stated that the intent of the Bylaws and the Rules and Regulations was to continually move towards bringing the water system up to the level of a community water system. He pointed out that those decisions were already made when he came on the Board in 2000. Mr. Cylvick stated that after he and the Board members asked all the shareholders if they preferred a one-time special assessment, or if they preferred to spread out the payments through an annual assessment. The consensus response was for an annual assessment. Therefore, in the early 2000s the Board looked at the debt load necessary to re-do the system, and determined the assessment rate. Mr. Cylvick pointed out that it was done responsibly and with a lot of thought. He noted that the Water Company is a non-profit. They have two full-time employees and the Board members are volunteers. It is expensive to pump water and get water in the mountains. Mr. Anderson appreciated their efforts.

Mr. Cylvick stated that the Board only had one option; and that was whether or not to grant Mr. Anderson a one-time reduction. Per the Bylaws, they did not have the ability to waive the entire amount. Brody explained that a one-time reduction would reduce the amount of the bill. Mr. Anderson could also talk to Carol about arranging a payment plan if he could not pay the full reduced amount. Mr. Cylvick stated that if Brody believed the Water Company was responsible for a certain number of gallons used, they would also reduce the gallons by that amount. Mr. Anderson asked if they could come to an agreement to waive the full amount based on the 30 years they have overpaid. Mr. Cylvick explained that the Board is not permitted to do that under the Bylaws. The Bylaws only allow them to consider a one-time reduction, which is

calculated using a specific formula based on usage. In most cases, the reduction is usually close to half the full amount. He noted that the Board could grant the one-time reduction, and Mr. Anderson could decide whether to take the reduction or take other action.

MOTION: Eric Cylvick moved to grant the one-time reduction for Al Anderson, Lot SS-138-B-1, which would reduce the invoice amount owing to \$3,190.68. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick asked Mr. Anderson to contact Carol if he was interested in taking the one-time reduction.

Gary and LuAnn Jensen, Lot PI-C-20AM, requested a one-time reduction.

Brody explained that the alarm can go off if there is a leak, but he and Trevor have no way of knowing where it is until they do the scheduled meter readings.

Mr. Cylvick explained how the one-time reduction is calculated.

MOTION: Eric Cylvick moved to grant Gary and LuAnn Jensen a one-time reduction for Lot PI-C-20AM, based on the calculation in the Rules and Regulations. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

Carol had sent correspondence from three additional property owners who had requested a one-time reduction. Brody questioned whether those were eligible for the one-time reduction. He suggested that the Board wait to have an in-depth discussion before voting on the requests. The requests were tabled to later in the meeting.

## **Financials**

The Board reviewed the Profit and Loss/Budget versus Actual.

MOTION: Eric Cylvick moved to APPROVE the Profit and Loss/Budget versus Actual dated January 19, 2017. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet.

MOTION: Cal Cragun made a motion to APPROVE the Balance Sheet dated January 19, 2017 as presented. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Cal Cragun noted that the Board had not given Carol a Christmas present in 2015 or 2106. They typically give her \$100 gift certificate.

MOTION: Eric Cylvick moved to give Carol a \$100 gift certificate as a Christmas present. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

### **Additional One-Time Reductions**

Brody stated that Donald Moss met all the criteria for a one-time reduction because he did have a leak and it was repaired. He favored a one-time reduction for Donald Moss.

MOTION: Eric Cylvick moved to APPROVE a one-time reduction for Donald D. Moss, Lots SS-146L-3. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Brody commented on Lot PI-D-12, David Morgan. He noted that the lot is right off of Pine Meadow Drive after Alexander. The owner has had a sprinkler system since he built on his lot. Brody and Trevor have talked to him four times and sent four letters telling him to disconnect the irrigation line. Brody agreed that the owner did have a water leak, but in his opinion, he did not deserve a one-time reduction because he was not following the Rules and Regulations and the Bylaws even after he was told to shut it off. Brody pointed out that it was difficult to determine how much water leaked versus how much went out through the irrigation system throughout the year.

Mr. Gilliam clarified that Mr. Morgan did have a leak, aside from the irrigation system. Brody answered yes. However, he was unable to say whether or not the leak was part of the irrigation system because it was repaired.

Cal Cragun suggested that if they deny the one-time reduction they should send a letter

of non-compliance to David Morgan and mention that because they have no way of knowing if the leak occurred in the irrigation system; therefore, the reduction was denied. Mr. Cylvick asked Carol to call him to discuss this further.

Mr. Cylvick clarified that at this time the Board had decided not to approve David Morgan for the one-time reduction. The Board could revisit this matter at another time and determine whether or not to grant the reduction.

Brody stated that the owners of Lot PI-F-75 admitted in their letters that the leak was in the irrigation system. Once again, they were dealing with a property that has a prohibited irrigation system. The owners wrote in their letter that they have an irrigation system for the property. It was in operation during the time in question, and they believe there must have been a malfunction or leak which resulted in excessive water usage. They wrote that the system is currently winterized and they would have the system reviewed next year. Brody stated that there was no need to review the system because it would be disconnected this year. Brody expressed his opinion that the one-time reduction should be denied because the owners have an irrigation system and there is no way to determine the amount of water that was the leak and the amount of water that was irrigation.

Mr. Cragun believed they should send the same letter of non-compliance and refer to the section in the Bylaws where that is stated.

Mr. Cylvick asked Carol to send Ranier and Cindy Westfall, Lot PI-F-75, a letter saying that they were not awarded the one-time reduction because of the non-compliance with the Rules and Regulations.

Mr. Cylvick reported that he had spoken with his friend, Duane Yamashiro, Lot PI-G-02, and asked if he would be willing to be an appointed Board Member on an interim basis when an additional person is needed to make up a quorum for a meeting. Mr. Yamashiro said he would. Mr. Cylvick wanted to know if the other Board Members thought it would be a good idea since some of them travel and one or more cannot always attend a meeting. He clarified that an appointee would be on an interim basis until the next Annual Meeting. Mr. Cylvick had spoken with Ted Barnes, the attorney, and with Carol. The Bylaws state that it is permissible and only requires a motion by the Board. Mr. Cylvick would send an email to the Board.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees

Pine Meadow Mutual Water Company  
Monthly Board Meeting  
January 19, 2017  
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adjourned at 7:45 p.m.

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Minutes Approved

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Date