

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, SEPTEMBER 14, 2017

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Bill George, Steve Anderson - Board Members. Tom LeCheminant representing the HOA.

Ex Officio: Trevor Townsend

Excused: Tony Tyler, Duane Yamashiro, Cal Cragun, Brody Blonquist

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

### **Approval of Minutes**

MOTION: Eric Cylvick moved to APPROVE the minutes of August 10, 2017 as written. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

### **Annual Meeting**

Mr. Cylvick reported that the Annual Meeting was scheduled for November 2, 2017 at the Sheldon Richins Building at Kimball Junction. Mr. Cylvick noted that Carol needed bios for the elections. He and Bill George were running for re-election, and Mr. Cylvick believed Carol could use the same bios from the last time they were elected. Carol would need a bio from Board appointees Steve Anderson and Duane Yamashiro.

### **Unpaid Bills**

Trevor Townsend reviewed the unpaid bills. All West Communications and Catapultion were for the Internet. Apco Inc. were charges for programming Uncle Tom's well and Switchback. Delco Western was for work at Uncle Tom's and Switchback. Evco House of House was still showing a credit. The bill from Ferguson's was for meter lids for the meter installs. KGC Associates was Carol's services. Meter Works was for the actual meters. Mountainland Supply was for supplies and parts to install the meters. Pine

Meadow Mutual Water Company was the debt reserve escrow payment for the loan. Revenue Recovery was the collection agency. Rocky Mountain power was the monthly power bill. Select Health was the health insurance premium. SKM was the company who came up in April to reprogram the WIN911 Emergency Dialer after the line exploded. Utah State Division of Finance were the two loans. Verizon was for the phones.

MOTION: Eric Cylvick made a motion to Approve the unpaid bills in the amount of \$48,284.03. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

## **Financials**

The Board reviewed the Profit and Loss/Budget versus Actual. Mr. Cylvick noted they were at 99.4% budgeted assessments. He thought that number was higher than usual for this time of year. He assumed that it was due to collections by Revenue Recovery on past due accounts.

Mr. Cylvick stated that the gross profit was \$66,761, based on what was budgeted versus what they have received to date. He pointed out that \$20,000 was budgeted for water system repair and maintenance, and they had already spent \$56,604. Trevor noted that the expense was primarily due to pulling Lower Tollgate and Uncle Toms, replacing the pump at Switchback, and for programming.

Mr. Cylvick estimated that there was approximately \$144,000 in expenses left to pay, plus another \$50,000 for water shares. Even with the added expenses for the wells, he anticipated they would still end the year approximately \$45,000 in the black.

MOTION: Eric Cylvick made a motion to Approve the Profit and Loss/Budget versus Actual dated September 13, 2017. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the Balance Sheet. Mr. Cylvick noted that there was \$574,000 in the bank. He estimated they were collecting approximately \$58,000 per month on assessments.

Trevor stated that Carol thought they would receive two more water letter requests before the end of the year.

Mr. Anderson asked how why the total assets were less this year. Mr. Cylvick assumed it was because of accumulated depreciation. He understood that the property assets were assets that the Water Company owns for source protection. The Treasury Stock were water shares that were foreclosed on. Mr. Anderson asked if the Water Company puts a lien on those properties. Mr. Cylvick explained that they file a Notice of Unpaid Assessment with Summit County so it is evident in a title search. Mr. Anderson asked if the unpaid assessment is paid at the time of closing. Mr. Cylvick replied that they file the Notice of Unpaid Assessment and then the water share is withdrawn from the lot. It becomes a dry lot until that owner or a future owner pays all the past due balances and associated fees. Once everything is current, the water share is restored and the meter is re-installed.

MOTION: Eric Cylvick moved to Approve the Balance Sheet dated September 13, 2017. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

Mr. Anderson asked about the process for foreclosing on a lot, and why some of the balances owed were so high. Mr. Cylvick explained the process. He previously had done an analysis of how long it would take to get the Ranch to the point of being a community water system with year-round water. His analysis showed 27 years and the cost of \$6 million dollars increased to \$18 million dollars if they waited 30 years to do it. Based on his analysis, by the time the system was complete they would have to begin repairing what was put in. The Board sent out a questionnaire to the members asking if they preferred a one-time special assessment or an increase in yearly rates that would take a longer period of time. No one wanted a special assessment. Therefore, the rates were doubled. Mr. Cylvick stated that Horrock's Engineering prepared a Master Plan for upgrading the system. They were small projects each year that were being done out of the cash flow. By raising the assessment rates they were able to collect more capital and service more debt. They applied to the Division of Drinking Water for a loan and the loan was granted because they were determined to be the most viable rural water company in the State of Utah in terms of cash flow, cash on hand, and the Master Plan.

Mr. Cylvick pointed out that the By-laws had already dictated that Pine Meadow Mutual Water would become a community water system when economically feasible. The part-timers did not want people living on the Ranch full-time so very little had been done towards that goal. However, when he got on the Board he realized the need to follow the By-laws. The Board took steps towards upgrading to a community water system. It

has taken several years to reach this point where they have very few leaks and can keep the system running. If it is a serious problem Brody and Trevor have no choice but to shut down the water; but typically that is minimal.

### **Manager's Report**

Trevor reported that he and Trevor installed seven meters in the last two weeks. They still needed to install a meter across Tollgate and two on High Dry Circle. Based on what Carol told him, there may be two additional meters to install.

Trevor stated that he and Brody were looking at purchasing a boring tool. A 2-1/2" boring tool is \$4800. There is also a 2" for \$1,000 less, but there have been problems with the 2" boring tool. They found an inexpensive used compressor that is in good condition for \$6,000.

Trevor noted that a boring tool was used on Tollgate. It took about an hour on Lower Tollgate because it was pretty rocky. The Upper hole took about 15 minutes. Mr. Cylvick asked if the tool goes through the rock or around the rock. Trevor stated that it goes through and moves the rock. If the rock is too big it will go around it. It has a reverse so they can back it out of the hole and start again. They went about three-quarters across the road on Tollgate and had to back it out. They moved it about 8" and it went through the second time. Mr. Cylvick assumed the process eliminated having to do the whole road each time. Trevor stated that they have to pothole one side of the road and then pothole the other side of the road and bore right under it.

Mr. Cylvick stated that he has been looking into the budget for a few weeks. He obtained a set of financials from Carol and looked at the cash flow, because they had gone \$24,000 over budget than anticipated on Uncle Tom's well. He wanted to make sure there was enough money to purchase the boring tool. From his analysis, he believed there were sufficient funds.

Mr. Anderson asked about maintenance. Trevor stated that the cost to service the tool is approximately \$120, including parts and labor.

MOTION: Mr. Cylvick made a motion to APPROVE purchasing the compressor for \$7,949.50 paid by cashier check, and to purchase the hole hammer in the amount of \$4,872.34. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

## **Miscellaneous**

Mr. Cylvick reported that one of the property owners on Stagecoach is claiming that the water line the Water Company ran from Fred Bacon's house is on his property. Mr. Cylvick pointed out that PMMWC paid to have the line surveyed twice. Mr. Anderson remarked that the property owner claims that he also has a survey showing the old Bitner fence on the original corner and that he has evidence of where that line is. The question is to decide which survey is accurate. Mr. Anderson recommended that the Water Company allow the property owner to pursue it and file the lawsuit.

Mr. Cylvick intended to have Ted Barnes, the Water Company attorney, help with this dispute. He thought it was worth the money to have Mr. Barnes do the research so the Water Company would have accurate information. Mr. Cylvick did not intend to respond to the property owner. He has sent the property owner an email and he sent him the attorney's email. He told the property owner that the Water Company would not correspond with him and he would instruct the attorney not to correspond with him until they see the survey the property owner claims to have. Mr. Cylvick did not interpret the email he received from the property owner to mean that he had actually hired a licensed surveyor.

Mr. Anderson remarked that in his email the property owner said that his land attorney had verified his property line in the past. Mr. Cylvick assumed that the property was never surveyed and the owner was going off what he thought were the property corners. Mr. Anderson pointed out that the burden of proof is on the property owner.

Mr. Cylvick stated that he would do some research and keep the Board members informed.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:30 p.m.

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Minutes Approved

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Date