

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, DECEMBER 13, 2018

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Scott Smith Tom LeCheminant – Board Members.

Ex-Officio: Trevor Townsend

Excused: Duane Yamashiro; Steve Anderson

Guests: Morgan and Melissa Feeney, Lot PI-E-37; Gary Burch, Lot PI-61; Andrew Pagel, Lot PI-A4; Robert Lindsey, Lot PI-F-68; Tom Deaver, Lot E-71A

Eric Cylvick called the meeting to order at 6:36 p.m.

Minutes

MOTION: Eric Cylvick moved to APPROVE the regular Minutes of November 8, 2018 as written. Tom LeCheminant seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Trevor Townsend reviewed the unpaid bills. Clyde, Snow and Sessions were legal fees for easement agreements. Ferguson Enterprises were gauges to repair a PRV. KGC Associates were Carol's services. Pine Meadow Mutual Water was the escrow account. Select Health was the Health Insurance premium. Public County Health Department were water samples. Summit County Treasurer were the taxes and registration on the trailer. USA Bluebook still showed a credit for the transducer. Verizon Wire was for the cell phones.

Trevor asked Carol not to pay the bill for Utah Broadband until he and Brody had a chance to talk with them. The Water Company was not supposed to pay anything in exchange for allowing Utah Broadband to put towers on their tanks and boosters on the shop.

Mr. Cylvick questioned why there was not a bill to pay on the loans. He asked Carol to call him to explain why there was no payment on the two loans.

MOTION: Eric Cylvick moved to Approve the unpaid bills dated December 13, 2018 in the amount of \$8,991.15. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Open Forum

Morgan and Melissa Feeney, Lot PI-E-37, had submitted their plan to Summit County, and the County was requiring written approval from the HOA. Their lot is steep and they need to install a retaining wall that runs through the easement in order to prevent runoff and erosion into Arapaho Drive. They were requesting permission to put a retaining wall through the five-foot easement. Mr. Feeney understood that if there was an issue and the Water Company or any other utility needed access to the space, he would be responsible for removing the retaining wall and reinstalling it at his own expense. Mr. Feeney explained that the retaining wall would be less than four feet in that area.

Trevor did not believe the retaining wall would affect the water line because it is on the other side of the street. Mr. Cylvick asked if the retaining wall would be engineered. Mr. Feeney replied that a wall less than 4 feet was not required to be engineered and did not require a permit. Scott Smith asked if Mr. Feeney had a site plan to show the location of the retaining wall. Mr. Smith stated that the retaining wall was shown on the original plans that were submitted to Summit County.

Mr. Feeney clarified that Summit County was requiring the retaining wall because in order for their driveway to be under 12% grade, which is the maximum allowed grade without a variance, they need to engineer the driveway a certain way and it requires a retaining wall.

Mr. Cylvick understood that Mr. Feeney was asking the Water Company for written permission. He could see no reason to deny it, but the Board first needed to see an active survey and the driveway layout. Mr. Cylvick would send the survey to the Water Company attorney who would write up an easement agreement. Mr. Feeney would be responsible for the legal costs. Once everyone agrees on the easement, it will be recorded and Mr. Feeney would be billed for any related costs. It was noted that as long as the HOA and the Water Company agreed to grant the easement, the easement did not need to be recorded.

Andrew Pagel, Lot A4, stated that he found some discrepancies when he received his last invoice. He had spoken with other residents who noticed the same issues. Mr. Pagel stated that the first issue were the assessments. On the fee schedule the tiers increase; however, once it reaches the 60,000-70,000 gallon range, the amount decreases by nearly half. Mr. Pagel remarked that the information presented at the Annual Meeting, as well as

a conversation with Carol, he found nothing explicitly voting for decreasing Tiers 6, 7 and 8. Mr. Pagel thought the intent was to increase all the tiers throughout the Fee Schedule and to make the cost much higher for those who use exorbitant amounts of water to discourage excessive use. Mr. Pagel wanted to know if the decrease was specifically voted on, whether it was documented, and why those tiers decreased.

Mr. Cylvick stated that it was the new Fee Schedule for 2018/2019. He did not anticipate changing the Fee Schedule again for a number of years. Mr. Cylvick agreed that the new Fee Schedule increased some of the lower rates in Tiers 1, 2 and 3; and that Tiers 6, 7, and 8 were decreased. Mr. Cylvick remarked that one issue from the previous Schedule was that the rates were not based on any particular rhyme or reason. The new tiers were based off of what it costs Pine Meadow Water Company to purchase water from Mountain Regional. The cost is \$11/per 1,000 gallons to purchase water from Mountain Regional if it ever becomes necessary. Mr. Cylvick stated that for every 1,000 gallons in Tier 1 they could buy 3,000 gallons from Mountain Regional. He explained that the tier rate increased by another 1,000 gallons for every ten thousand gallons. For example, the tier rate for 20,000 to 30,000 would allow them to buy 3,000 gallons of water for every 1,000 gallons used over that amount. Mr. Cylvick explained that the metrics in the Fee Schedule is based on Mountain Regional's Fee Schedule for wholesale water.

Mr. Cylvick stated that there were no users in Tiers 6, 7 and 8. Tiers 6, 7 and 8 apply to part-timers who have leak for various reasons. He noted that an appeals process is available for a bill reduction, but the formula results in approximately 50% of the actual bill. Mr. Pagel remarked that his issue from the standpoint of the HOA is what will happen in the future if large homes continue to be built and some have swimming pools. Currently, they might not have people using above 60,000 gallons, but with a large home it would be extremely easy to use 100,000 gallons and those people would benefit from the Fee Schedule.

Tom Deaver noted that Brody and Trevor have a system on the computer that alerts them if a meter has been running for 24 hours. When they get the alarm they contact the owner and shut off the meter. Mr. Deaver understood that people who have swimming pools are told they cannot use Pine Meadow culinary water to fill their pools.

Mr. Cylvick stated that it was discussed, but it was difficult to enforce. Mr. Pagel remarked this he was also concerned about rental units that typically use excess water.

Mr. Cylvick stated that if an owner wants to use 100,000 gallons, they will have to pay to buy 10,000 gallons from Mountain Regional for every 1,000 gallons they use. He noted that very few people exceed 10,000-30,000 gallons.

Mr. Cylvick explained the agreement that Pine Meadow Water has with Mountain Regional. At this point they have enough source to service the Ranch. However, at some point in the future they anticipate the need to purchase water from Mountain Regional. Mr. Cylvick stated that because they are so restricted in the Fee Schedule, they were not seeing a significantly large uptick in usage. If 15 or 20 homes are built they only see an uptick of 5%.

Mr. Pagel asked if Tiers 6, 7 and 8 were voted on during the Annual Meeting. Mr. Cylvick replied that on vote was on the entire Fee Schedule, which included all the tiers. Mr. Pagel asked if the exact tier schedule was shown during the meeting, because he was told that a Fee Schedule was not presented at the meeting. Mr. Pagel understood that during the meeting it was voted upon to increase all the tiers. Mr. Cylvick replied that everything on the Fee Schedule was presented. It was the same Fee Schedule that Mr. Pagel was looking at this evening. Mr. Pagel was satisfied if this same schedule was printed and presented at the meeting for the homeowners to review and vote on.

Mr. Pagel commented on a second issue. He received his invoice for the water bill and noted that the first part was correct, which was the metered water assessment for 2019 of 20,000 gallons at \$1,040. The second part of the bill showed that in 2018 he used 27,000; which was 7,000 gallons over his allotted 20,000 gallons. Mr. Pagel noted that the additional 7,000 used in 2018 was being charged at the 2019 rate that does not go into effect until January 1, 2019. When he spoke with Carol she told him that it has been done this same way for years. Mr. Pagel stated that it does not follow the Bylaws and it is not legal to retroactively charge people on utilities that were consumed at a different rate. He recommended that the Water Board fix that policy. Mr. Cylvick stated that the common practice long before he came onto the Board, was that the rates for usage agreed upon at the Annual Water Meeting were applied to the forthcoming bill.

Mr. Cylvick offered to talk with the attorney and get back with Mr. Pagel. He understood Mr. Pagel's point, but it has always been done the same way. If the attorney advises that the policy is incorrect, it will be corrected. If the attorney says the policy is legal, it will remain.

Mr. Pagel expressed concern with long term climate changes and the potential for running out of water. Mr. Cylvick explained that the Water Company does not rely solely on wells, which is why they have made an arrangement with Mountain Regional to purchase water in the future if the Water Company does not have enough source at full build out. Mr. Cylvick also explained that as part of that arrangement, Pine Meadow water supplies water from the 500,000-gallon tank to some of the Stagecoach lots.

Discussion ensued regarding technology and water sources. Mr. Cylvick explained that Pine Meadow would not annex into the Mountain Regional Water System. They would only be a position of wholesale buyer. He noted that Mountain Regional would not have allowed Pine Meadow Water to hook on to their system if they were not one of the best water systems in the State.

Mr. Deaver commended the Board, Brody, and Trevor for doing an amazing job over the years in upgrading and maintaining the water system to make it one of the best.

Financials

The Board reviewed the Profit and Loss/Budget versus Actual. Nearly \$400,000 was collected from base rates. The excess water overages were \$62,000.

MOTION: Eric Cylvick moved to Approve the Profit and Loss/Budget versus Actual dated December 13, 2018. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the Balance Sheet.

MOTION: Eric Cylvick moved to Approve the Balance Sheet dated December 13, 2018. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Trevor reported that everything was running well. They were doing Mountain Regional projections and will touch base with them later to make sure Mountain Regional will be able to supply them with water.

Trevor stated that they were searching for a small leak off the 500,000-gallon tank. A woman who had a leak last week contacted Brody and said she had turned it off. As soon as the cold weather came there had been one leak after another.

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The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:39 p.m.

NOTE:

After the meeting, Eric Cylvick realized that he had forgotten to call for a vote for a 5% pay increase for Brody and Trevor. Via email he motioned for approval. Tom LeCheminant seconded the motion. All Board members voted by email and unanimously approved the 5% pay increase.

Minutes Approved

Date