

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JUNE 11, 2020

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Scott Smith, Shaun Baker, Bruce Hutchinson – Board Members.

Ex-Officio: Trevor Townsend

Excused: Duane Yamashiro and Steve Anderson were excused.

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

Minutes

May 21, 2020

MOTION: Eric Cylvick moved to Approve the Minutes of May 21, 2020 as written. Bruce Hutchinson seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Trevor Townsend reviewed the unpaid bills. Hone Propane was the propane tank rental. KGC Associates was Carol's invoice. Meter Works were meters that were purchased for new installs. Pine Meadow Mutual Water Company was the required escrow for the DDW loans. Rocky Mountain Power was the monthly power bill. Select Health was the health insurance premium. Summit County Public Health was for water samples. USA Bluebook was still showing a credit. Utah Division of Finance was payment on the two loans. Utah State Tax Commission was the trailer registration.

Mr. Hutchinson asked for clarification on the meters that were purchased. Trevor replied that they purchased six 1" meters for new installs. As part of the connection fee, the Water Company provides the meter, the setter, the can, the lid, and the antenna.

MOTION: Eric Cylvick moved to pay the Unpaid Bills dated June 10, 2020 as presented in the amount of \$27,653.83. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/ budget versus actual.

Mr. Hutchinson asked if the PPP funds were considered a grant or a loan. Mr. Cylvick stated that the rules were changed, and he thought it was considered a grant for everyone who received the funds. The uses were expanded by the SBA and the money can now be used for any expense.

Mr. Cylvick noted that 92.6% of the assessments had been collected. He pointed out that a lot of people make monthly or quarterly payments.

MOTION: Eric Cylvick moved to Approve the Profit and Loss/Budget versus Actual dated June 10, 2020. 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 June 10, 2020. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Manager Report

Trevor stated that the water system on the Tollgate side was reprogrammed yesterday. He explained that the Tollgate side was originally set up to run constant. However, the pump was spec'd wrong and when the pump was put in it burned up the pump at Bobcat Springs. Since then, the pump has cycled. The pump was the right size, but the shroud was the wrong size. An 8" shroud needs 42 gallons a minute in the shroud to cool the pump. A 6" shroud needs 7 gallons per minute to cool the pump. Trevor stated that he and Brody went down to Oil Well on Tuesday. One pump already had a 6" shroud. The other had an 8" shroud and they replaced it with a 6" shroud. Lance with ID Electric came up and reprogrammed everything. Trevor reported that the Tollgate side was increasing positively. They were using the same amount of water, but it goes into the tank without stopping. Trevor stated that with the number of people on

the Ranch they were still not keeping up with the regular demand. It takes two weeks or longer to fill the tanks. To run the Uncle Tom side, the average is 28-29 gallons per minute. If they can get the water moving nonstop to the tank, they will be ahead of the demand. Trevor's goal is to move the water fast enough to where the pumps will fill the tank, keep up with demand, and shut off to give them a break. Currently, what goes in comes right out. Mr. Cylvick noted that an average of 25 gallons per minute continuously is 13 million gallons. Trevor pointed out that this was their last effort before they need to purchase water from Mountain Regional to meet the demand.

Trevor noted that currently the highest amount from Lower Tollgate is 10.1 gallons per minute. Upper Tollgate produces 7 gallons per minute. Brody stated that Lower Tollgate was producing 10 gallons per minute at the end of last summer. In the last five years Lower Tollgate has had a steady decline. It went from 32 gallons per minute six years ago to 10 gallons per minute now. Trevor remarked that at 10 gallons per minute, if the water goes down far enough it will trip out the pump and then it takes a couple of hours to recover. They have it set to recover at 75 feet above the pump. It can run 24 hours or more before it trips out again. Trevor stated that they were starting that cycle this year a month and a half earlier than last year.

Mr. Hutchinson suggested that they may need to start limiting the number of bathrooms for new builds. Trevor remarked that the Water Company prepared for this when they connected to Mountain Regional. The reality is that the inevitable was coming quicker than they originally thought. Mr. Cylvick stated that purchasing water from Mountain Regional is less expensive than running the water system.

Mr. Cylvick understood from Trevor that during the summer the usage is approximately 30,000 gallons per day; and if they can pump continuous, they could pump that amount per day. Trevor clarified that currently they were only pumping 25% of that amount. Trevor stated that Uncle Tom's well already has a variable frequency drive (VFD), which allows them to control it. Whatever the well pumps out is what goes into the tank. It reads the transducer and keeps it at a certain level. They need two pumps at Uncle Tom's and two controllers. Trevor explained that once the pumps kick on, the 29 gallons per minute from Uncle Tom's goes into the booster tank. The booster pump would be under VFD, and it would send 29 gallons per minute. If it dropped to 22 gallons per minute, the pump would slow down and only send 22 gallons for that time. The well runs nonstop for two or three weeks because they cannot shut it off.

Mr. Cylvick asked about cost. Trevor stated that it would be \$15,653 plus the cost to tie it into the SCADA program. He noted that they budget \$18,000 for water system repairs each year. Trevor clarified that the bid from Delco Western was for Uncle Tom's. The

Tollgate side was already set up and they only needed to replace the shrouds so the pumps would run cooler.

Mr. Hutchinson asked if the bid from Delco Western was the only bid they obtained. Trevor replied that Delco Western has always done work for the Water Company and there has never been a problem. Delco Western supplied every pump on the Ranch, and they are knowledgeable and reliable.

MOTION: Eric Cylvick moved to Approve quote #8008 from Delco Western in the amount of \$15,653.79. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Trevor reported that Mountain Regional sends new numbers yesterday and it appears that Pine Meadow Water Company has a 430,000 gallons credit on water.

Mr. Hutchinson asked if Brody and Trevor had resolved all the leaks they talked about at the last meeting. Trevor stated that they fixed a leak on Tollgate. There is still one leak they cannot find. He thought it might be in Forest Meadows, but they were still trying to isolate it. The leak was causing a loss of 7 gallons per minute.

Mr. Hutchinson referred to an email he received from Mr. Cylvick with comments from the attorney, Ted Barnes, regarding the Bawden situation. Mr. Hutchinson stated that he spoke with the HOA President, Pamela Middleton, but as it stands now, the HOA Board feels they have given as much as they want to give. He explained that the HOA Board thinks this is a shakedown and Mr. Bawden is trying to get everything he can. The Board agreed to waive the impact for development, but they would not completely budge on Mr. Bawden's hunting right and his request that he, his heirs and friends be able to hunt on his property in perpetuity. Mr. Hutchinson clarified that the HOA Board will not budge on that hunting issue, but they are willing to make an exception and allow Mr. Bawden to hunt as long as he lives and as long as he does not subdivide his lot or sell it. Mr. Hutchinson stated that he initially understood that the property was 10 acres, but more recently he was told it is 20 acres. He remarked that some Board members would like to prohibit hunting completely. Mr. Bawden bow hunts, and if he shoots an animal there is a good chance the animal will run more than 10 acres into someone else's property. Mr. Hutchinson recognized that it was the principle more than anything else, and the Board will not go any further on what they are willing to allow.

Mr. Hutchinson offered to raise the issue again when the HOA Board meets this month. Mr. Hutchinson understood that the HOA put in two surveys and Mr. Bawden put in one

survey. However, Mr. Bawden was claiming that he used the pioneer survey and the HOA used GPS surveys and he was going to fight them on it. Mr. Hutchinson thought Mr. Bawden was looking for a fight regardless of the issue.

Mr. Cylvick stated that he spoke with Fred Bacon's son, Jeff, and he said they had basically given Mr. Bawden that land and changed the property description. Mr. Hutchinson asked if it was legally recorded. Mr. Cylvick answered yes. Mr. Bacon gave up approximately 40 feet of land. Mr. Cylvick thought Mr. Bawden believes he has a stronger case, but Mr. Bacon told Mr. Cylvick that he still owns that corner section. Within the last year, Mr. Bacon used Mr. Bawden's survey and redrew the property line and had it recorded. Mr. Cylvick noted that it did not affect their legal case, but he wanted Mr. Hutchinson to understand that Mr. Bacon chose to give up that stretch of land rather than fight it. Mr. Hutchinson believed that the Water Company and the HOA no other choice but to push back at least a little. Mr. Cylvick stated that he had no problem with pushing back, but Ted Barnes was of the opinion that the Ranch will have no additional exposure if they agree on the hunting issue. He already hunts and he will continue to hunt.

Mr. Hutchinson thought the sticking point for Mr. Bawden was not allowing his relatives and heirs the ability to hunt. Mr. Smith could see no harm in allowing his relatives to continue to hunt on his property if it is a family tradition. Mr. Hutchinson clarified that the current HOA CC&Rs specifically states that "no hunting of any nature or kind shall be permitted in the area covered by the Pine Meadow Ranch subdivisions". Mr. Cylvick explained that Mr. Bawden is not in the Pine Meadow Ranch subdivision, but if he connects to the Pine Meadow water system, he must join the HOA. At that point he will be bound by the CC&Rs. However, Mr. Cylvick pointed out that some of the SSD lots are outside of the HOA boundary. Mr. Hutchinson stated that when an SSD lot wants to annex in, they obligate themselves to the CC&Rs. Mr. Cylvick remarked that Ted Barnes believes there could be a one-time exclusion for Mr. Bawden. Mr. Hutchinson emphasized that the HOA is willing to give Mr. Bawden an exception, but that is not satisfactory to him. He wants the hunting exception to run with the land in perpetuity. Mr. Hutchinson explained that the Board is willing to give Mr. Bawden an exception to the CC&Rs, but not make the exception appurtenant to the land.

Mr. Cylvick thought the Water Company and the HOA should work together to come up with a plan to determine at what point they dig in their heels and what point they back off a little. Mr. Hutchinson stated that he would talk to the HOA Board at the next meeting and send Mr. Cylvick an email after their discussion. Mr. Cylvick remarked that he was trying to avoid a high cost legal battle and significant legal fees that is passed to the shareholder.

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The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees
adjourned at 7:38 p.m.

Minutes Approved

Date