

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JULY 9, 2020

SUMMIT COUNTY, UTAH

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

Ex-Officio: Trevor Townsend

Guests: Cheryl Groot, Lot PI-E-70A; Tom Brace, Lot FM-B-23; Paul & Michelle Suitor, Lot PI-G-36; Judith Cylvick, Lot PI-E-52, PI-E-53 and PI-E-54; Pamela Middleton Lot FM-D-178 and FM-D-179

Eric Cylvick called the meeting to order 6:30 p.m.

Public Forum

Cheryl Groot, Lot PI-E-70 stated that four years ago she approached the HOA Board to ask if she could make a sign for Tollgate Canyon. She was told that she could on the condition that she maintains the sign. Ms. Groot noted that she had carved the big sign at the bottom and she intends to paint it next summer. She checks the sign on a regular basis. Ms. Groot stated that she also redid the white on the fire mitigation sign at the bottom and changed it to read No Fire or Fireworks. Prior to the change, the sign read Fires Only in PMHOA Approved Fire Pits. Ms. Groot remarked that the Bobcat Springs sign looked terrible and she redid the words Bobcat Springs on the sign board. She noted that the Bobcat Springs sign takes a beating during the winter because it catches all the snow when Jody plows or blows snow. She did not believe the sign reflects the good image of Pine Meadow Ranch. Ms. Groot stated that a month ago she made a new sign for Bobcat Springs that was more in keeping with the Tollgate Canyon sign. Ms. Groot noted that the HOA Board had already approved the new sign for Bobcat Springs.

Ms. Groot presented a picture showing where she would like to place the sign for its protection from the snow plowing, as well as announcing that it is Bobcat Springs. She knows how to put up the sign and what it entails. Ms. Groot asked the Water Company for permission to remove the existing Bobcat Springs sign and replace it with the new sign between the two doors.

Mr. Anderson asked if the new location would prevent the sign from being hit by the snowblowers. Ms. Groot answered yes. That was one reason for choosing the requested

location. Another reason is that it will look good between the two doors and get people's attention.

Trevor stated that he and Brody were comfortable with the request as long as Ms. Groot hangs the sign on the cinder block but does not go all the way through the building. He noted that the Water Company would be posting signs on the doors themselves stating "no parking within 30'."

MOTION: Bruce Hutchinson made a motion to APPROVE the sign for Bobcat Springs proposed by Cheryl Groot in the requested location. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Other members of the public had no issues and only came to listen to the Board meeting.

Minutes

June 11, 2020

MOTION: Eric Cylvick moved to Approve the Minutes of June 11, 2020 as written. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Trevor Townsend reviewed the unpaid bills. Delco Western was the bid for the pumps and the meter that was put in last month at Uncle Tom's. He noted that SCADA programming would be a separate charge. He had not yet received the bill for the automated valve, which was approximately \$900.

Trevor continued with the unpaid bills. Ferguson Enterprise was for leak repair supplies and meter supplies, as well as brass nipples and a cap for the switchback pump house. ID Electric was programming for pumps in the lower canyon to set the transducer, so it does not cycle. KGC Associates was Carol's invoice. Pine Meadow Mutual Water Company was the required escrow for the 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 trackhoe trailer registration.

Mr. Hutchinson asked for clarification on the meters that were purchases. Trevor replied that they purchased four 1" meters and two 5" 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: Duane Yamashiro moved to pay the Unpaid Bills dated July 8, 2020 as presented. Shaun Baker seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/ budget versus actual. Mr. Cylvick noted that the Water Company had collected \$34,814 for four water connections, and \$10,000 for two water hookups. The total assessments collected were high. They were only down \$51,000 from the total and many people make monthly or quarterly payments.

Mr. Hutchinson stated that the HOA was seeing several requests for water only on the lot. People do not intend to build right now but they want water and possibly septic available on the lot. Mr. Hutchinson wanted to know if there was a process to ensure that the lot owner goes through the HOA for approval once they have plans to build a structure if they already have water. Mr. Cylvick replied that the Water Company will not issue a water letter unless they are approved by the HOA. Mr. Hutchinson clarified that his concern regarded trailers or temporary structures.

Trevor stated that the Water Company issues a temporary water letter that is stamped "Temporary – For Camping Only". Summit County cannot issue a building permit or engineering permits without an actual water letter. Nothing can move forward on a temporary letter. Mr. Hutchinson asked if the Water Company is notified when a property owner switches from a temporary camping use to having a structure on their lot. Trevor stated that the property owner goes through the process of obtaining a water letter in order to obtain their building permit. At that point, the owner should go to the HOA Board for approval. Mr. Hutchinson understood that typically a water letter is not issued until there is a permanent structure on the lot. Trevor replied that a water letter needs to be issued before the owner can start construction.

Paul Suitor, Lot PI-G-36, asked for an update on the test water meters. Mr. Cylvick noted that a couple of meters stopped working and then started up again. He thought the test went well and everyone was pleased with the test. Trevor reported that they

had a 97% reading with the cellular meters. However, they also had 97% with their regular use. Trevor noted that a map was printed out showing the dead zones and the at-risk zones. They put the cellular meters in the at-risk zones and there were no problems. The meter company was confident they could achieve higher than 97%.

Trevor stated that a benefit of the cellular meter is that when they get a signal, all the data downloads automatically. He reported that they found a leak in one of the trial meters in Forest Meadows.

Mr. Cylvick stated that the study went well, and the test meters worked well. The Board still needed to discuss whether to spend the money to upgrade the meters, and whether to do it in a phased approach or at one time. Trevor stated that if the Board makes a decision to start their own account, all ten of the test meters could be moved over. If the Board votes to move forward, they would purchase a cellular meter for all new meter installs and switch out the old meters over time. Mr. Cylvick pointed out that it would also require a software upgrade. Trevor stated that the cost to upgrade the current meters with Neptune would be approximately \$30,000. He noted that the software has gone beyond what they bought, and Neptune was forcing everyone to their customer portal. With the cellular meters, they would have dual service and can use either Verizon or AT&T for the meters. The cost for the cellular meters and the program is much less expensive if they go with the company who provided the trial meters.

Mr. Cylvick noted that Mountain Regional uses the cellular meters and it is proven technology. He remarked that the Board anticipated this capital expenditure. He thought the total cost would be \$150,000 to \$200,000.

Mr. Hutchinson asked how they could be sure that the new cellular company would not start charging for the cloud in the future after they get the Water Company's account. Trevor replied that they told he and Brody that they would not start charging because they were already making enough money. Mr. Smith asked if the Water Company could get that commitment in writing. Mr. Cylvick thought it would be beneficial to ask the salesman to meet with the Board so they can see it all laid out and get their questions answered in order to make a decision on a path forward, when to do it, and what it entails. He asked Trevor to arrange it for the next meeting if possible.

Mr. Cylvick asked Trevor if he still had the quote to GPS the meters. Trevor answered yes. It was done through Dave Dillman. Trevor stated that Dave Dillman was going to do the map and give them the PDF so they could print their own maps. That would avoid being charged for engineering, printing, foam board, and other costs. Mr. Anderson stated that he could bring up a GPS monitor. If Brody and Trevor could get

all the points, he would be able to create a map from the data file. Mr. Cylvick thought it should be done before the Fall so they can find a meter when it is buried in snow. They should include hydrants as well as meters.

The Board continued reviewing the profit and loss. Mr. Anderson asked where the new pumps and instruments were reflected on the financials. He was told that it was not on the current financials because it had not yet been approved. Trevor noted that the cost would be broken down as part for Uncle Tom's and part for Switchback. All the programs will be allocated to Switchback. Mr. Cylvick stated that the cost would be allocated under Water System Expense.

MOTION: Steve Anderson moved to APPROVE the Profit and Loss/Budget versus Actual dated July 8, 2020. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cylvick noted that the debt reserve for the loan was \$291,000. The Water Company contributes approximately \$1800 per month to that fund and will no longer need to contribute once they reach \$300,000. The debt reserve to purchase water from Mountain Regional was set at \$100,000 and it was currently at \$93,882. Mr. Cylvick noted that the Water Company still owed \$4,895,948 on the loan.

MOTION: Steve Anderson moved to APPROVE the Balance Sheet dated July 8, 2020 as presented. Duane Yamashiro seconded the motion.

VOTE: The motion passed unanimously.

Correspondence

Mr. Cylvick noted that Lot PI-C-15 was sold in a tax sale and the Water Company foreclosed on the water share. An approximate balance of \$31,000 was delinquent, and \$17,000 of that amount were late fees and finance charges. Mr. Cylvick stated that in the past the Water Company settles on the outstanding balance. In this case, the outstanding balance is \$13,486, which the property owner is willing to pay. The question is whether the Board was willing to accept that amount as a settlement agreement and reinstate the water share.

Mr. Cylvick read a second letter with the same issue on lot PI-G-47. The balance owed as negotiated was \$12,828.

He noted that the collection fees were for Frieda with Revenue Recovery, the collection agency they use, and she was willing to take a large discounted amount when the water company foreclosed on these properties.

Mr. Anderson clarified that all the Water Company costs were included in both amounts. Mr. Cylvick answered yes.

Mr. Hutchinson asked if the owners would pay in full or make payments over time. Mr. Cylvick was unsure and would ask Carol. Mr. Hutchinson cautioned that the owners could be making payments for 20 years. Mr. Cylvick asked if he would be comfortable with payments if it was paid off over a year. Mr. Yamashiro thought the Board should be consistent with how balances were paid in the past. Mr. Cylvick recalled that the previous balances were paid in full within a year. He agreed that the Water Company should not finance the debt. When Carol contacted him, he had the impression that there would be a check for \$13,486 and another check for \$12,828.

Mr. Anderson thought payment in full should be part of the motion. He also thought the Water Company should consider including finance charges as part of the settlement in the future. The finance charges could be negotiated down, but to no less than the cost of the loan interest of 3% to the Water Company. Mr. Cylvick stated that the Board could discuss changing the percentage of finance charges moving forward.

Mr. Brace stated that as a homeowner, there would be no downside to not paying for five years if he only had to pay the same amount five years later. Trevor stated that after the first year of non-payment the meter is locked. If there is no payment after the second year, they foreclose on the water share. In order to resume service, the balance owed needs to be paid. Mr. Cylvick remarked that if the water share is foreclosed, rather than spend money on attorneys to negotiate a settlement, the Water Company decided it was better to bide their time and settle on an amount whenever the property owner decides to sell the lot or pass it on to their family.

Mr. Cylvick offered to work with Carol to see what they need to do to bring the interest charges in line with their debt.

MOTION: Eric Cylvick made a motion to agree to the settlement terms for Lot PI-C-15 for Shawn Matheson in the amount of \$13,486 and for PI-G-47, Jerry James, in the amount of \$12,828.68, with the understanding that the amounts are paid in full. If payment is not paid within a 30-day time frame the motion will expire and the Board can decide whether to change the terms. Bruce Hutchinson seconded the motion.

VOTE: The motion passed unanimously.

Mr. Anderson asked how the foreclosures are shown on the balance sheet. Mr. Cylvick replied that it shows as Treasury Stock.

Manager Report

Trevor reported that the meters were installed at Uncle Tom's and everything was running well. Uncle Tom's well was averaging 25 gallons per minute. The pumps do not slow down fast enough, and Matt needs do a little more programming. Trevor and Brody will be cleaning up the pump house and tearing out some items because they no longer need two pumps.

Trevor stated that he and Brody plan to fix a leak on Arapaho. It is the same as where the water pops up at the bottom of Arapaho and Forest Meadow Drive. The water pops up, they test it year after year, cannot get chlorine testing, and it dries up in the summer. They walk the line but can never find it and it starts again in the winter. They tested it the other day got chlorine like it had just come out of the water tank. It is the same location where they installed a French drain three different times. It has been leaking for almost six years. Trevor explained how they plan to fix the leak. They walked the line and found it with a listening device. They believe it is coming from the bottom because they could find nothing else along the entire line.

Mr. Hutchinson noted that at the last meeting Trevor reported a steady decline in production of all the wells. He asked if it was constant or if it changed in the later part of the summer. Trevor replied that it started failing later in the year last year. Tollgate produced 11 gallons per minute last year until August. By March of this year it was back to 10.1. It still trips out and the transducer resets it to recover 50 ft. above the pump. It was originally 250' when they first put it online. If the water went down, it would trip out and fill up to 250' before it came back on. Trevor stated that they could no longer reach 250' and they moved it to 200' and then 100'. When it comes back on now it is 50' above the pump. It usually runs for four hours and then trips out for two hours. A pump will only pump as low as 10 gallons per minute.

Trevor stated that Uncle Tom's is working well, and it has been consistent. Mr. Cylvick asked if all the pumps were running continuous now. Trevor answered yes. All the trends look good. Mr. Cylvick understood that the total production is 45 gallons per minute, which is 11,826,000 per year if the pumps can run continuously. Trevor had Carol pull the six-month average and they were on track to use 1.2 million gallons more

water than last year. Trevor noted that each summer is a struggle to keep up with the demand and it is getting more difficult. He anticipated that the need to buy water from Mountain Regional would come sooner rather than later.

Mr. Cylvick summarized that prior to the next meeting, Trevor would contact the new meter company and request that he attend the next meeting. He should also ask him to put together a proposal that could be emailed to the Board members for their review before the meeting. Mr. Anderson also wanted to see a spec sheet on the meters. Mr. Anderson would also schedule a time with Trevor and Brody to bring up his GPS. Mr. Cylvick stated that he would talk with Scott at Mountain Regional regarding the Memorandum of Understanding and try to get Mountain Regional to commit to installing a larger pump at the preserve. The Memorandum of Understanding says Pine Meadow can buy water, but he wants a guarantee for water so that they can get the 140 gallons per minute needed at full buildout.

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

Minutes Approved

Date