

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, AUGUST 13, 2020

SUMMIT COUNTY, UTAH

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

Ex-Officio: Brody Blonquist; Trevor Townsend

Excused: Duane Yamashiro

Guests: Paul Suitor, Lot PI-G-36

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

Minutes

July 9, 2020

MOTION: Eric Cylvick moved to Approve the Minutes of July 9, 2020 as written. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. Clyde, Snow and Sessions were legal fees. Delco Western was for destaging the pumps. Ferguson Enterprise was for leak repair supplies and meter supplies. KGC Associates was Carol's invoice. Mountainland Supply were parts to repair a leak. 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. SKM Inc. was for redoing the entire switchback booster pump house. Summit County Public Health was for water samples. Utah Division of Finance were payments on the two loans. Utah State Tax Commission was registration renewal on five vehicles. Verizon Wireless were the cellphones.

MOTION: Steve Anderson moved to pay the Unpaid Bills dated July 12, 2020 in the amount of \$43,842.90 as presented. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Financials

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

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. Trevor Townsend referred to gross profits at \$872,000. Underneath that were two lines showing bank service charges from processing the credit cards. Trevor pointed out the expense the Water Company pays for customers who choose to pay by credit card. Mr. Cylvick was under the impression that Carol was back charging those charges. Brody replied that the Water Company absorbs the cost. Mr. Cylvick stated that when the Board originally agreed to use credit cards and allow quarterly payments, the processing cost was supposed to be added to the billed amount.

Mr. Anderson thought the owner paying with a credit card should be charged 3%. Mr. Suitor noted that per State law, the Water Company cannot charge the property owner a higher percentage than what they pay. Mr. Suitor stated that the HOA has the same issue, and their Board thinks the percentage is too high. Brody felt that regardless of the percentage, the customer should pay the cost if they choose to use a credit card instead of a check or some other form of payment.

Mr. Cylvick reiterated his belief that the Board had already decided to charge the fee back to the property owner. Brody suggested that the Board vote on it again.

MOTION: Eric Cylvick moved to back charge the customer the credit card financing fee equal to the amount the Water Company pays for any credit card payments. Bruce Hutchinson seconded the motion.

Mr. Anderson asked if it would be retroactive or from this point forward. Mr. Cylvick stated that it would be effective moving forward.

VOTE: The motion passed unanimously.

Mr. Cylvick asked Carol to contact he and Brody to clarify the process moving forward.

Mr. Cylvick referred to the water hookup amount of approximately \$60,000 and commented on the intent to exclude that number from the bottom line and instead put those funds into the capital reserve funds. The rates were increased for the purpose of saving to purchase water from Mountain Regional when necessary, as well as other contingency funds.

MOTION: Steve Anderson moved to APPROVE the Profit and Loss/Budget versus Actual dated August 12, 2020. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Trevor pointed out that the foreclosed lots were underneath Treasury Stocks. The water share is removed when the lot is foreclosed. Trevor noted that the Water Company was in process to collect on two foreclosures this year. He noted that they would be discussing a third redemption later in the meeting. Trevor noted that when an owner is willing to pay the delinquent account to have the water share returned, the bill is calculated to a reduced amount.

Mr. Anderson thought the amount should be more representative of the actual amount. Trevor replied that the amount shown is the amount that was foreclosed on. The amount does not include the late fees and interest charges that are continually accruing. Mr. Anderson stated that it is still an asset to the Water Company, and the balance sheet should show the negotiated amount and include the late fees and interest. Brody clarified that the amount shown on the balance sheet is the amount owed when they foreclosed on the water share.

MOTION: Eric Cylvick moved to APPROVE the Balance Sheet dated August 12, 2020 as presented. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

Brody reported that the debt reserve required for the loan needs to reach \$300,000. If they continue to pay \$1856.75 each month, it will be at \$300,000 in a few months and the debt reserve will be paid off. Once they no longer need to pay into the debt reserve, Brody suggested that they pay the \$1856.75 each month into the Mountain Regional Water Fund. Mr. Cylvick was comfortable increasing the amount to \$2,000 per month and putting it into the Mountain Regional Water Fund.

MOTION: Eric Cylvick made a motion that after the Debt Reserve for the Division of Drinking Water Loan reaches \$300,000, the Water Company will increase the escrow

amount to \$2,000 and put it into the Mountain Regional Reserve Fund on a monthly basis.

Foreclosure Redemption Approval – PI-78

Mr. Cylvick pointed out that this was a request to consider waiving the finance charges and collection and attorney fees of \$38,308.20. The balance owing would be \$41,088.08, which includes the principle, late fees, 3% annual percentage rate interest, and negotiated collection fees.

Paul Suitor, Lot G-36, stated that as a property owner, he was uncomfortable with the Water Company waiving attorney fees because the Water Company should not absorb that cost. Mr. Cylvick pointed out that the attorney/collection fees were negotiated down. Mr. Suitor understood waiving the collection fee because that is usually a minimal amount. His concern was with the attorney fees. Brody explained that the Water Company does not involve their attorney. Revenue Recovery negotiates a reduction in her fees so there is no additional cost to the Water Company. Her fee is included in the \$41,088.08. Mr. Cylvick pointed out that \$41,088.08 would go directly to the Water Company's bottom line.

MOTION: Steve Anderson moved to APPROVE the Foreclosure Redemption Approval on Lot PI-78 in the amount of \$41,088.08. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Quote from BTM

Mr. Cylvick presented the bid from Brian Myers for replacing the fence on Fred Bacon's property. The quote for materials was \$4,650. Trevor and Brody had priced out the materials and confirmed that the quote was accurate. Brody noted that the cost of lumber was expected to increase 30% next week. Brian's bid was only good for three days. Mr. Cylvick stated that the quote for labor was \$3,850. The total bid for replacing the fence was \$8500.

Mr. Cylvick had walked the site with Fred Bacon's son. Mr. Bacon had it resurveyed on his property and staked. Mr. Cylvick pointed out that reinstalling the fence on one side would resolve the problem with Fred Bacon. Mr. Bawden had no issues with the fence as long as it is not on his property. Mr. Cylvick noted that he had asked Mr. Bacon to survey the property every 20' with markers so Brian will have a string line to install the fence.

MOTION: Eric Cylvick moved to APPROVE the \$8500 bid to move the fence west onto the line that Fred Bacon had resurveyed. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Cellular Meters

Brody noted that at the last meeting, the Board had requested that someone from the cellular meter company attend this meeting to give the Board members a better understanding of how the system works. Mr. Welch was present this evening to provide that explanation.

Brody handed out an updated printout of the cost to replace every meter on the Ranch.

Mr. Welch stated that he had not prepared a formal presentation, but he was prepared to answer any questions. Mr. Cylvick remarked that ten test meters were installed, and he had one of them. He likes the service and the app.

Mr. Welch explained that meter readings are broken into six categories, which they call a migration path. He noted that the Water Company is well down that migration path with drive-by technology. Mr. Welch stated that most utilities want to get to a network, which means not having to send readers into the field with a collection device in order to gather readings. He stated that there are currently two versions of network reading systems. One is a traditional point to point network which necessitates a series of collection points and radio towers where collectors and repeaters are installed that can collect the data by transmission from the meter.

Mr. Welch stated that five years ago Badger bought a Silicone Valley based company called Aqua Q. Aqua Q developed cellular technology to take that consumption message put out by the radio devices, and rather than hang all the infrastructure, utilized existing the cellular infrastructure of Verizon, AT&T, Sprint, etc., to be the collection for that data as opposed to utilities like Pine Meadows and other small utilities who do not have the equipment to hang and maintain a communications network. Mr. Welch stated that over the past five years, Badger now has four iterations of that end point. He explained that what his company has proposed is called an LTE endpoint. Rather than ride on the information superhighway that exists where voice and data ride, they instead ride on a different road that provides a very quick message and transmits very well, and it brings back the consumption message, which is important for billing purposes. Mr. Welch stated that the information package comes with reverse flow

detection, leak detection, tamper detection, and other benefits. In addition to providing an indication of a leak, it also quantifies it.

Mr. Welch stated that the system is a fully functional network reading system. It is cloud based and in order to access the data, the water operator can log on and see the system health. System health are the transmitters that have reported within the last 72 hours.

Mr. Welch outlined what most utilities want from a traditional network, which includes reverse flow and all the detections. They also want their citizenry to have the ability to look at their individual water usage through use of a password. It also gives the utility company the ability to proactively send messages to their citizenry. It can be a good water conservation tool.

Mr. Welch stated that 30 utilities in their service area, which includes Idaho and Utah, utilized this technology.

In response to a question regarding the life expectancy of the meter, Mr. Welch replied that even in the harshest environment for electronics, a meter, a register, and an end point collectively have a life span between 15-20 years. The meter itself has a warranty of 15 years or 2,500,000 gallons, whichever comes first. The end point has a 20-year warranty. The first 10 years is bumper to bumper and a prorated warranty for years 11 through 20.

Mr. Cylvick asked Mr. Welch to identify the most common problems he has experienced with the system. Mr. Welch replied that Pine Meadow Water is potentially unique in topography. If they install it in a utility that borders I-15, they know the cellular strength will be very strong. He noted that Badger has an alliance with AT&T and the LTE-endpoint rides on AT&T's network. Mr. Welch stated that AT&T is not everywhere, and more recently Badger developed an EMS-endpoint which rides on the Verizon site. The bases are covered in terms of the ability to mix and match within utilities.

Mr. Welch provided examples of certain challenges they encountered over time. Mr. Cylvick stated that snow is Pine Meadow's biggest challenge and the majority of roads are not plowed. Twenty years ago, people did not believe Pine Meadow would be able to operate the water system in the winter; however, despite the challenges they were able to accomplish a year-round system. Now the shareholders want to be able to track their own usage, curtail their usage, and find a leak. Mr. Cylvick pointed out that the app for this new system allows for all those things.

Responding to a question about the ability for owners to remotely turn off their water meter, Mr. Welch replied that there is a meter that will do remote shutoff. However, it is mostly for non-payers. The shut-off can be remotely turned off by a command on the network, but he did not believe it could be turned off by a homeowner. The industry is designed for the non-payer and it has three positions: fully open, partially open, and almost shut. If they are cutting off a customer, they want to be able to sustain life, but not a lifestyle. If someone needs to take a prescription med, the utility does not want to be blamed for not being able to draw enough water to swallow their pill. Mr. Welch stated that a remote shut off meter is expensive, and the meter concept is different.

Mr. Welch stated that one consideration for deployment of these meters as opposed to other solutions or a traditional network, is the ability to surgically deploy it. If they start with the 10 endpoints and add x-number per year as the budget allows, the meters are as serviceable as if they were all deployed at one time. Mr. Welch reiterated that the topography is probably their biggest challenge. It is not ideal, but if all else fails, the fallback would be the ability to still use a handheld device to get a consumption read. Mr. Anderson asked if the backup was available on this particular unit without additional add-ons. Mr. Welch replied that the handheld equipment does not come with the unit because it is not normally needed. The cost to add the handheld ability is approximately \$5,000 to \$6,000.

Mr. Cylvick asked how the meter company makes residual income. Mr. Welch stated that they charge 89 cents per customer water service per month, but it is not residual income. It covers the warranty on the product, software maintenance, and the charge from Verizon or whatever system is used. Mr. Welch stated that Badger company gets a couple of pennies per service per month as residual.

Mr. Anderson understood that subscription fee for the cloud-based service is part of the 89 cents. Mr. Welch stated that there is also a one-time fee that sets them up on the cloud. The 89 cent per service per month, or any increase to that amount, is continual. Mr. Welch could not guarantee that the 89 cents would never increase. He also stated that while he could not guarantee no increase to the monthly fee, they are seeing the cost on cellular service coming down as opposed to going up. Mr. Anderson clarified that there is a subscription fee to use the cloud services of this meter forevermore, that is subject to change over time. He assumed the Water Company would be tied into this cloud with this meter, and there was no ability to change to another service or to a different brand of meter or a different style within the Badger system. Mr. Welch stated that the connector Badger provides is a universal industry connector. If for some reason the Water Company wanted to change to a competitor's meter, they could use the same connector and would probably need to use Badger's radio endpoint.

Mr. Cylvick asked if there were other expenses that needed to be added to the total cost. He mentioned new lids. Brody stated that Mountain Regional had problems with a couple of lids and when they changed to poly lids they never had a problem. Brody noted that poly lids were included in the cost. He clarified that the only cost not included in the bid was the 89 cents per service per month. Brody thought they might need to consider purchasing the hand-held unit for backup.

In response to a question about the battery that operates the meters, Mr. Welch explained that the meters are battery operated and when the battery goes dead, the entire meter needs to be replaced. Mr. Cylvick pointed out that meters usually lose a certain percentage of accuracy every year. Brody noted that most in the meter industry have a 15-20-year life on the battery. With the current Neptune system, they are already 10-12 years on the life span, and he expects some of the meters to start dying out.

Mr. Cylvick asked if data from the hand-held unit would upload to the cloud. Mr. Welch believed it was cloud based; however, he would double-check to make sure and report back to the Board.

Mr. Welch noted that the system is currently available in meters that are 3" and larger, but on smaller meters they plan to integrate the ability to have a temperature and pressure sensor on certain meters on an as-needed basis. Temperature is less of a key factor for the Water Company due to elevation changes, but if there is one meter in each zone that gives an indication of pressure, it could tell them which zone might have a leak.

Mr. Welch stated that they dramatically increased functionally because the initial endpoint transmitted once per day and provided hourly interval data. Now the endpoints broadcast three to four times per day and provides 15-minute interval data.

Mr. Baker asked if the alarm goes to headquarters, or to headquarters and the consumer. Brody answered both. Trevor stated that a property owner can use their own screen to log into their account and set their limits to whatever they want. The Water System sets their limit to what they want. Mr. Welch remarked that the utility can proactively notify the property owner of leaks. Trevor pointed out that he and Brody can monitor the system from home. Another advantage is that Carol can log on and download the data for billing without waiting for Brody or Trevor to send her the meter readings. Carol can also pull up the information at any time when she is contacted by a

customer asking about their meter. Mr. Welch noted that Carol's screen will mirror the customer's screen so they will be looking at the same information. Carol will have more data than the customer, but she can see what the customer is talking about by looking at the same screen.

Mr. Cylvick asked how many years this system has been in operation, and whether they had worked out all the problems. Mr. Welch stated that the system was created approximately five years ago. Columbia, South Carolina just signed on for 267,000 services. He believed this system was custom made for the small utility companies. Mr. Cylvick thought the features of this system would be a tremendous advantage for the Water Company, especially during the winter when the snow is deep and the roads are not plowed.

Mr. Cylvick thanked Mr. Welch for his time and told him that the Board would be making a final decision fairly soon.

Mr. Welch left the meeting.

Brody reported that Mr. Welch's son, Jonas, is the sales rep they have been working with. The Water Company is on a loaner program with the ten trial meters, and that program was originally ending in May. However, Jonas, extended the program to give the Board a little extra time to make a decision. Brody stated that the ten meters need to come off the loaner program, and when that happens the engagement fee is \$3,750, which will be included in the cost if they decide to go that route. Another option is that Jonas could also do away with the interface now and cut everything off. The meters could stay in, but the water Company would need to give back the endpoints.

Mr. Cylvick asked Brody to explain the endpoints. Brody replied that the endpoints are on the lid of the meter and it sends the signal. Brody stated that the Board needed to make a decision this evening on what to do with those ten meters. Mr. Anderson asked if they could keep the meters running for \$3.00 per month. Brody replied that it would be \$3.00 per month per customer. The \$3,750 is the cost to get the interface going if they choose to go with the system. Mr. Anderson asked if the \$3,750 was included in the bid. Brody stated that Jonas was willing to waive \$1,750 to build the interface, but they would still pay \$3,750. Mr. Cylvick understood that \$3,750 would be applied to the \$5,500.

Mr. Cylvick noted that the old system needs to be upgraded and the upgrade is very costly. Upgrading the old system is not an option but they need to do something. The question is whether they do a phased-in approach or all at once. Mr. Cylvick asked

Brody whether he would start installing this year or next year if the Board votes to go in that direction. Brody stated that on a good day with nothing else to do, they could probably install 20 meters per day. There would be a total of 470 meters to install. Mr. Cylvick thought this was the most logical direction. Another benefit is that Mountain Regional uses this system. Mr. Anderson asked how many meters could be installed before this winter. Trevor stated that realistically he thought they could install 100 meters year.

Mr. Cylvick noted that the Water Company increased the rates to cover a system upgrade. The 89 cents per month would be passed on to the customer.

Mr. Cylvick stated that he, Brody, and Trevor would meet with Carol to see how much money the Water Company has to work with, and he will email the other Board members within the next week. Mr. Cylvick thought the Board should make the decision to get on the service for \$3,500.

Brody was concerned with how Carol could do the billing if they have 100 new meters this year and the rest of the Ranch is still on the old system. Trevor stated that if they do install 100 meters this year, they could add the billing software for \$1700, and Carol could move it straight over. Mr. Cylvick thought the billing process was a solvable problem.

Mr. Cylvick asked if they decide to sign up for the \$5,500 and install 100 meters this year, if the bill amount would go down and they pay the balance next year when they install meters again. Mr. Anderson thought the Board first needed to make a motion to go with this system. Mr. Cylvick agreed. They also need to make a decision to pay the \$3500 engagement fee.

MOTION: Eric Cylvick made a motion to begin to work with Hydro Specialties Company moving towards the installation of their cellular meters, and to pay the \$3500 engagement fee and training, which will allow the Water Company to keep the 10 trial meters, minus the billing software. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick asked Brody to get a revised quote from the company for 100 meters. Brody asked if they wanted to start with 100 of the ¾" meters. Mr. Cylvick left that decision to Brody and Trevor. When they receive the quote, Mr. Cylvick will send it to the Board members, along with an idea of how much money they have available to spend after he meets with Carol. The Board can make a decision via email whether to

move forward with 100 meters this year.

HOA Matter

Mr. Cylvick stated that he had sent an email to the Board members regarding the amount the HOA has spent on legal fees. He went through the financials online and found that \$109,000 was spent on legal fees since 2017.

Bruce Hutchinson stated that initially the Board did not allocate a budget for legal fees because they had no idea how much time it would take the attorney to rewrite the CC&Rs. He noted that much of the \$109,000 was spent on the CC&Rs. Mr. Hutchinson reported that the Board made the decision to involve Counsel in most of that work.

Paul Suitor explained that the HOA was actively involved in four lawsuits, and the Board decided that it was beneficial to have a lawyer present at their meetings. He noted that the attorney is not charging his normal rate to attend the meetings. Mr. Suitor believed the attorney has been well-worth the money spent.

Mr. Cylvick disagreed, and thought the amount was absurd. He asked if anyone on the HOA Board thought it was absurd. Mr. Suitor replied that everyone on the Board thought so. Mr. Cylvick asked why it was still going on. Mr. Suitor replied that the majority of the \$109,000 spent was under the old board. Mr. Cylvick asked if it would still continue under the new board.

Mr. Hutchinson stated that at this point the attorney was still attending their meetings. He personally thought a better approach would be for only the Board President to communicate with the attorney; however, the President and the Executive Committee feel differently as it relates to legal counsel and what they move forward on.

Mr. Hutchinson urged Mr. Cylvick to attend an HOA Board meeting and voice his concerns.

Mr. Smith wanted to know how the CC&Rs ended up. Mr. Hutchinson stated that the property owners have until October 1st to vote yes or no on adopting the CC&Rs rewrite.

Mr. Hutchinson pointed out that State law changes, which created the unique situation to allow the HOA to rewrite the CC&Rs. Mr. Cylvick pointed out that all the lots were recorded with different restrictions. Mr. Hutchinson stated the goal is to consolidate and pull everything under one umbrella. There was a lot of contention on a few issues; otherwise adopting the revised CC&Rs was doable. Mr. Hutchinson thought it was still

very doable if they try it again in the future.

Mr. Anderson thought it was poorly thought out to include very contentious issues in a process of trying to create an umbrella.

Mr. Smith believed the Water Board and the HOA have the common goal of the health of the Ranch. He suggested that once every quarter a Water Board Member could attend an HOA Board meeting. Mr. Hutchinson stated that a member of the Water Board would be welcomed at any meeting. He pointed out that he is on the Water Board as a liaison between the two boards.

Mr. Hutchinson stated that most of the new members on the HOA Board are realizing that the legal services are excessive. Mr. Suitor remarked that most of the Board members want to have one collective set of CC&Rs that will cover the HOA so they do not have four or five sets. The goal is to have one clean CC&Rs for the entire mountain to protect them from what occurs in 2020 instead of 1970.

Mr. Anderson believed that the first step in working together would be to use the same attorney and share the cost of legal services. Mr. Hutchinson reiterated that Mr. Cylvick Should attend a board meeting and speak his mind.

Mr. Cylvick stated that he has been running the Water Company for 20 years and he has personally kept a separation between the Water Company and the HOA. However, he was not opposed if other Board members wanted to attend an HOA meeting.

Mr. Cylvick stated that the Water Company has the best attorney in the Intermountain West, and he charges them very little. He also knows the history of the Ranch. Mr. Cylvick commented on issues he has with the law firm that the HOA uses. Mr. Suitor believed the HOA attorney has done a great job.

SS-147-C Dean Bawden

Mr. Cylvick reported that Dean Bawden has dug in his heels and was threatening to sue. He told the Water Company attorney, Ted Barnes, that if the HOA is not willing to budge, the Water Board will need to consider giving a one-time waiver to Dean Bawden waiving the requirement to join the HOA in order to avoid a lawsuit. Mr. Cylvick provided a letter from Ted Barnes. He noted that the Board did not need to make a decision this evening, but he asked them to read the letter.

Mr. Hutchinson asked if Mr. Barnes was of the opinion that the Water Company could

give an exception to Mr. Bawden. Mr. Cylvick answered yes. Mr. Hutchinson asked if it would be setting precedence for anyone else who wants water but does not want to join the HOA. Mr. Cylvick believed the Water Company would prevail in a lawsuit, but not before spending a lot of money on legal costs. He could not foresee another situation where someone would threaten a lawsuit. Mr. Cylvick was not willing to go down the road of a lawsuit if they have the option of granting a waiver and not impacting the safety of anyone on the Ranch.

Mr. Suitor pointed out that Mr. Bawden would be paying attorney fees as well. Mr. Hutchinson stated that Mr. Bawden also has a reputation of bullying to get what he wants. Mr. Hutchinson thought Mr. Bawden was bluffing about a lawsuit.

Mr. Cylvick pointed out that a lot line section was off, and Fred Bacon told him the section was off. The Water Company had the property surveyed at least two times. Mr. Cylvick stated that they went along HOA property for the water line and the emergency exit onto Fred Bacon's driveway through the discrepancy section.

Mr. Anderson pointed out that they could argue surveys, but there is no correct survey in this situation. Brody stated that Fred Bacon surrendered his property with the pipeline on it, and it is now 100% on Dean Bawden's property. Mr. Suitor stated that no one had come to the HOA Board with that information. Mr. Hutchinson thought the legal fight was between Bawden and Bacon because of what they agreed to after the water line was in.

Mr. Cylvick clarified that if the HOA feels strongly about the hunting issue, he was not willing to spend \$50,000 or more of the community's money on a legal fight that would eventually end up getting settled. It could take two years to resolve and the legal costs would continue to mount.

Mr. Cylvick urged the Board members to read the letter because it outlines what he and Ted Barnes discussed and the legal recommendation by Mr. Barnes. Mr. Cylvick explained that Mr. Bawden would sue the Water Company because they have a water line on his property. Mr. Bawden was willing to pay for the impact fees and the meter, and he wants a waiver on the annexation fee. He would like to join the HOA and pay for the roads, but he wants to be able to continue to bow hunt on his property. At this point, the HOA will allow Mr. Bawden to continue to hunt but not his family and friends in perpetuity. If the Water Company cannot resolve the issue with the HOA, Mr. Barnes recommends giving Mr. Bawden a one-time waiver on joining the HOA to avoid the lawsuit. Mr. Cylvick noted that the most important water line on the entire Ranch runs through Mr. Bawden's property.

Manager Report

Brody reported that he and Trevor always thought there was a leak on Arapaho and Navaho. American Leak Detection hooked up to it and it is not a leak. Brody stated that after looking into it further, the loss of water appears to be a production issue out of the wells.

Mr. Suitor recalled from the last meeting that Mr. Cylvick still needed to formalize the Mountain Regional contract. Mr. Cylvick replied that there is an MOU with Mountain Regional, and they will be meeting at the end of September or early October. Prior to the meeting this evening, they discussed some of the issues, such as amounts of water required by the State, how they want to negotiate, and topics to discuss.

Brody stated that Mountain Regional wanted to wait until heavy water usage slows down, which is typically in October. Mr. Cylvick clarified that there is an MOU in place that is signed by Mountain Regional stating that they will supply Pine Meadow water at wholesale rates. He wants a meeting to discuss how much water Pine Meadow would like to secure, and that the Water Company is willing to pay for any upgrades required. Mr. Cylvick remarked that currently, Mountain Regional is able to pump over 160 gallons per minute, which is ten gallons more than they need. Pine Meadow will need 150 gallons per minute at full buildout. The goal is to secure 150 gallons per minute, and any water from the Water Company's sources would be extra.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 8:23 p.m.

Minutes Approved

Date