

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, APRIL 15, 2021

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Steve Anderson, Paul Suitor – Board Members.

Ex-Officio: Brody Blonquist

Excused: Duane Yamashiro, Scott Smith, Shaun Baker

Guests: Melissa Raymond, Lot FM-C-74; John Zimmerman, Lot FM-C-149; Matt Murdoch, Lot FM-C-150; Robert Marsh, Lot FM-C-154.

Eric Cylvick called the meeting to order 6:33 p.m.

Minutes

March 11, 2021

MOTION: Eric Cylvick moved to Approve the Minutes of March 11, 2021, as written. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

John Zimmerman, FM-C-149; Matt Murdoch, FM-C-150; Robert Marsh, FM-C-154

Brody noted that the packet contained the email he had sent to the Board members regarding the water line that was freezing in Forest Meadow. He understood that Mr. Zimmerman, Mr. Murdoch, and Mr. Marsh were present to talk about the leak. Brody had also provided pictures of the frozen water line.

Brody stated that the Arapaho line goes across Forest Meadow. A connection was done in the past taking the line down through the trees with a fire hydrant on the end. He pointed to Lot FM-C-149. Mr. Cylvick asked if the fire hydrant was between Lots 149 and 154. Lot FM-C-150 was on the other side. He pointed to two locations where the water line dead-ends on Deep Forest. Brody explained that when the water line was laid the way it was, there were no lots in the Ranch boundaries at that time on the backside. Mr. Anderson understood that there was no

line between the two dead ends. Brody traced the water line through the roads to where it dead ends.

Brody stated that he has never seen the driveway plowed to FM-C-149. The driveway was plowed this year and he believed the frost froze the main water line. Brody pointed to a valve that will shut off the line. He noted that when he and Trevor redid the line going across Arapaho, they never dug up that area because they never had any problems with it freezing. Brody stated that the driveway was plowed this year and he assumed it would continue to be plowed in the future. The owners were at the meeting to discuss what can be done to resolve the problem.

Mr. Suitor understood that the water line only aligns on the three lots that have the issue. Brody pointed out where the meters were located on all three lots. He indicated the location where he believed the line had frozen, but he did not know for sure. Brody clarified that FM-C-154, FM-C-150, and FM-C-149 are the only lots that were affected. Everything on Arapaho still has water and a fire hydrant across from the driveway still has water to it. Brody emphasized his belief that the line freezing was due to the driveway being plowed. Brody noted that he was contacted about the frozen line on Easter, but he believed the line probably froze closer to February because the lower cabin ran out of water and they were probably just using water that was still in the line until now. Mr. Zimmerman, Lot FM-D-149, noted that his water had a lower volume, but he assumed it was just because of winter. He explained that the upper cabin was his dad's property and when they were trying to work out the backflow system, rather than bring it around Deep Forest Road, he offered to deed an easement down the driveway to the HOA. He noted that there is a legal easement all the way down where the pipe goes. Mr. Marsh stated that when the trench was dug, they also did the power at the same time. He suggested abandoning that pipe and move over one way or the other and dig a deeper trench for a new pipe.

Brody offered three options for discussion. The first option is to bring in fill, determine the correct slope, and raise the driveway. The second option is to abandon and fill in the driveway and bring the driveway in a different way. The third option is to go through and dig the line deeper.

It was pointed out that the fire hydrant is set low and after the second snowstorm it cannot be seen. If they dig deeper and install a new pipe, it would be a good time to replace that fire hydrant or add a second fire hydrant. Brody pointed out that during the winter there is no way for firefighters to access that fire hydrant. All the fire hydrants are accessible in the summertime. It was suggested that if the water line was replaced and the water line was brought down Forest, they could put a fire hydrant on Deep Forest. In the future, depending on how the roads are plowed, that hydrant on Deep Forest might be accessible in the winter. He thought that could

be done from the line cutting across the neighborhood, or it could be brought over from the stubs Brody pointed out on Deep Forest.

Brody stated that the Water Company could also look at continuing the existing line around and up and bring the service line up to another lot. They could bring that service line off of Arapaho. However, the difficulty would be servicing Lot FM-C-150 because they are set further back on Deep Forest.

Mr. Anderson thought a better option would be to loop the system. Brody pointed out that the system was not looped initially because the lots in the back were not part of the Ranch. Mr. Anderson stated that looping would improve the hydraulics and they could serve everybody off a road rather than going down private driveways. Brody thought that was a question for Dave Dillman with Horrocks Engineering. As a water manager, he preferred to not place the line going down through the trees.

Eric Cylvick thought the Board needed time to look into it further and to involve Dave Dillman to figure out the best solution. He believed the solution should be a long-term fix. Mr. Cylvick remarked that the first question for Horrock's Engineering is whether it is feasible to make the loop. He was open to all suggestions to find the best solution. Mr. Cylvick assured the property owners that the Water Company would get it resolved this summer.

Melissa Raymond – FM-C-74

Melissa Raymond, Lot FM-C-74, requested that the Water Company install a hydrant on Valley View. Brody pointed out the nearest fire hydrant to her property. He explained that the placement of fire hydrants is measured from how the crow flies rather than from the road or the driveway because a fire line is laid by the shortest route. Ms. Raymond understood that she needs 45 psi for a fire suppression system, which is still a possibility she was looking into.

Ms. Raymond explained her reasons for requesting a fire hydrant related to neighborhood fire safety, particularly during fire season. Mr. Cylvick asked if Ms. Raymond was requesting a fire hydrant closer to her property because then she would not need to have a fire suppression system in her house. Ms. Raymond believed a fire hydrant is better than the fire abatement system. She stated that if the Water Company was not interested in doing it, she would find another way.

Mr. Cylvick stated that he was not opposed to adding a hydrant, but the Board needed time to discuss it. He noted that they have never put in a fire hydrant at an owner's request. They are

usually either part of a project or on the recommendation of an engineer. Ms. Raymond clarified that she was requesting a hydrant for the purpose of fire abatement for the neighborhood, not just one house. Mr. Cylvick was concerned about setting a precedent. They have turned down the same request from other property owners because there was already a fire hydrant nearby. He pointed out that everyone would like to have a fire hydrant in front of their house. Ms. Raymond stated that she was only asking for a hydrant somewhere on Valley View. It did not need to be in front of her house. Brody remarked that the fire hydrant currently on Valley View is 490 feet from her property. Ms. Raymond stated that if 490 feet was accurate then there was no need for another hydrant. Mr. Suitor pointed out that the measurement is from the placement of the house and not from the property line. Ms. Raymond asked if the regulations were from North Summit County Fire. Brody replied that the Ranch is wildland property, and they need to follow Summit County. He suggested that Ms. Raymond ask the County for their exact recommendation.

Ms. Raymond stated that she would contact North Summit Fire District. Mr. Cylvick asked Ms. Raymond to find out the correct information and send it to Brody. Brody would then circulate it to the Board so they can see the actual rule. Once they have that information the Board will discuss it. Ms. Raymond did not want the Board to discuss it in the context of deciding whether to put it there per the rule for this specific permit. The intent of her request is because Valley View has nothing from top to bottom and is all field on both sides.

Mr. Cylvick stated that if Ms. Raymond can obtain the information and send it to Brody, the Board would be able to read the current rule and make a decision. He told Ms. Raymond that in all honesty, he did not believe the Board would vote to put in a fire hydrant. If it is determined through regulations that a fire hydrant is necessary, he would not be opposed to installing one. Ms. Raymond stated that she would contact the County and get with Brody once she has the information.

Unpaid Bills

Brody reviewed the unpaid bills. Clyde Snow Sessions and Swenson were legal fees for emails and phone calls. Ferguson Enterprise were parts for meter installs. KGC Associates was Carol's invoice. Pine Meadow Mutual Water Company was the escrow for the loans. Rocky Mountain Power was the monthly power bill. SCADA Cloud Solutions was the yearly subscription for the SCADA system. Select Health was the health insurance premium. Summit County Public Health Department was for two months of water sampling. Utah Division of Finance was payment for the two loans. Verizon Wireless was for the cell phone service.

Mr. Cylvick noted that Carol's bill was higher because she has been doing more work related to the annexations. Mr. Anderson expected the health insurance premium would go down because of Trevor; however, the legal fees would probably increase significantly.

MOTION: Steve Anderson moved to pay the Unpaid Bills dated April 15, 2021, 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 April 15, 2021. Eric Cylvick seconded the motion.

Mr. Anderson questioned the bank services charge. Brody would ask Carol to send the Board an email with an explanation as to why they were negative.

Mr. Anderson asked if the Liability insurance would be eliminated if they annex into Mountain Regional. Mr. Cylvick replied that the cost for insurance and water shares would go away with the annexation. The shareholders would be Mountain Regional customers. Brody noted that the regular rate will be the same as what the Mountain Regional customers are paying, but there will be a special assessment for Pine Meadow customers to pay off the loan. Mr. Cylvick stated that Mountain Regional will do an engineering assessment to determine if anything needs to be done structurally. Mr. Anderson assumed that when Pine Meadow Water becomes Mountain Regional, Summit County will probably tax them as a Special Service District and the shareholders will need to pay an extra assessment to pay off the loan. Mr. Cylvick thought they would also need to pay a higher elevation pumping charge. He would try to negotiate that the Pine Meadow Water tanks have provided Mountain Regional the ability to service Stagecoach and other lots. Mr. Cylvick would try to leverage the positive points of their infrastructure against any type of special assessment.

MOTION: Steve Anderson moved to APPROVE the Profit and Loss/Budget Versus Actual dated April 15, 2021. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet.

Mr. Anderson stated that if there is extra money set aside for fire hydrants, he suggested that they use that money to install additional fire hydrants around the Ranch to make sure they have fire hydrants every 500 feet. Mr. Cylvick believed that would be part of the engineering analysis. Brody pointed out that the way the roads are laid out, some County roads run through Forest Meadow and those hydrants are within 500 feet because they come through the backside.

MOTION: Eric Cylvick moved to APPROVE the Balance Sheet dated April 15, 2021. Paul Suitor seconded the motion.

VOTE: The motion passed unanimously.

Manager Report

Brody stated that he has been doing Spring cleaning and going through the Water Company assets. He was preparing for the building season and all the water letters that will come in.

Brody reported that he ordered the meters on Tuesday. He expected to receive 50 meters with each delivery.

Mr. Anderson asked if Mountain Regional uses the same meter. Brody answered yes. Brody stated that he created files for everything, and it was all ready to go. They just need to enter the meter information when a meter is installed.

Brody noted that the wells have been dropping consistently. He has never seen Tollgate Well go below 7 gallons per minute, but the one by Moss's pond was down to 5-1/2 gallons per minute.

Mr. Cylvick asked if they were holding off on installing meters at the top. Brody stated that meters were ordered for everyone. Mr. Anderson understood they were going to install all the meters this summer. Mr. Cylvick agreed that it was the original plan, but he thought they were holding off because of Mountain Regional and was concerned if the annexation gets delayed.

Mr. Anderson asked if they were assuming that the Mountain Regional Board has approved the annexation. Mr. Cylvick replied that he had sent a letter of intent to Scott at Mountain Regional saying that Pine Meadow Water wanted to annex. Scott would present his letter to the Mountain Regional Board of Directors. Mr. Cylvick thought the Pine Meadow Mutual Water Board should take a formal vote on the annexation.

MOTION: Eric Cylvick made a motion that the Pine Meadow Mutual Water Company Board intends to move forward with annexation into Mountain Regional. Paul Suitor seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick stated that Ted Barnes did his review and after talking with Mr. Barnes, he modified the review into an email and sent it to Scott. Scott informed Mr. Cylvick that he was going to be gone for a few days and then he would submit it to the Mountain Regional Board. Mr. Cylvick noted that there is a fee associated with the Intent, but he was not aware of the fee amount. He was told that there would not be an annexation fee, but there would be a special assessment to deal with the debt and a special assessment if the engineering analysis shows deficiencies. The Letter of Intent starts the process.

Mr. Anderson thought it was important to educate the shareholders in writing as to why the Water Company was annexing. He suggested putting something in writing that explains the history of the wells, what is happening, and why they need to annex. Mr. Anderson pointed out that they need the shareholders to approve the annexation. Mr. Cylvick agreed. Ted Barnes already told him that they need to lay it all out and explain it concisely.

Paul Suitor asked for the percentage of shareholders required to approve the annexation. Mr. Cylvick stated that to authorize this transaction their corporate documents require an affirmative vote of those represented in person or by proxy at a meeting called for that purpose. There is no greater quorum requirement. Mr. Cylvick explained that they are required to call a meeting to explain the annexation and the ones who attend that meeting vote on whether or not to annex. They do not need a shareholder majority to vote. Mr. Anderson believed the first question from shareholders is how much it will cost. Mr. Cylvick stated that Ted Barnes would like to have the draft annexation and asset acquisition agreement distributed to all the shareholders before scheduling a member vote. It is important to work out all the basic financial and future service terms before they ask for a formal vote to give the shareholders the opportunity and time to understand how this annexation will likely affect them. Mr. Cylvick stated that he has asked for the draft annexation, all agreements, the engineering analysis, and the rates so they have all the facts when they meet with the shareholders.

Mr. Suitor stated that everyone he has talked to who knows what is going on is in favor of the annexation. Brody thought the people who are against it now will change their minds once they understand that annexation is the only option. Mr. Anderson remarked that most of the people

against it will be the ones who do not utilize the water enough. They will want to know what it means for them as a vacant lot owner. Mr. Cylvick stated that in looking at the numbers, he believed the average property would be charged what they pay now or possibly less, and they will get more water.

48-hour and Emergency Repair Proposal

Brody reported that he spoke with Brian Myers at BTM Construction, the company Trevor is working for, and Mr. Myers explained how they would set it up if they were to do short notice and emergency notice. Brody went over it and found no issue with it for emergency purposes. He thought it was the only thing they could do. Mr. Cylvick did not think the proposal was unreasonable. Brody was concerned about having contractors come in who were not familiar with the water system, and Mr. Myers told him that it was basically for Trevor in an emergency situation.

Mr. Cylvick asked if there was a contract or anything in terms of giving the Water Company priority. Brody replied that it is more of a gentlemen's agreement. He told Mr. Myers that he did not want a contract because it was a sole priority, and he will call Mr. Myers if he needs anything.

Mr. Anderson asked if they would ever need an excavator. Brody stated that they have an excavator, but Mr. Myers did not want his people to run their excavator. Brody understood his position because of insurance purposes.

Brody clarified that the rates were only for emergencies. If he has a leak that is not an emergency and Brian can prioritize when to send someone up to help with the repair, the rate will be different. Mr. Anderson asked if they could just have Trevor come up and use the Water Company's excavator. Brody preferred not to do that because of liability concerns. Mr. Anderson asked if Brody was suggesting they mothball the excavator. Brody replied that he can operate the excavator but not like Trevor. Mr. Cylvick pointed out that Trevor is an excavator operator. Mr. Anderson clarified that they would hire this company whenever they need an excavator.

Mr. Suitor understood they were going to employ Trevor on weekends and after regular work hours. Brody stated that Trevor is working a job from 8 to 5 and he did not want to put the extra burden on Trevor. Brody stated that if they figured his hours like they are figuring Trevor's hours, he would work 9-1/2 hours in two weeks if he was only working evenings, weekends, to be on call. Brody remarked that by the time Trevor gets off work at 5 and gets to the Ranch it will be 6 o'clock, and he is not going to start fixing a leak that late at night. The next question is whether

Trevor will want to use his only two days off to work on the Ranch with Brody. Brody pointed out that Saturday and Sunday are his only two days off.

Mr. Cylvick stated that everything has changed, and they were just going to subcontract it out. Brody stated that one way to offset the cost would be to sell the mini-hoe and trailer. He assumed the two together would bring in \$44,000. Mr. Anderson stated that if they intend to mothball it, they might as well sell it because it will only depreciate. Brody stated that if he needs to dig up a meter or other smaller jobs, the HOA has their mini-hoe, and he could work out an agreement with the HOA to borrow it when he needs to. Brody clarified that the agreement with Brian Myers was only for mainline repair. He estimated five or six water leaks per year on average.

Brody remarked that the Water Company has gone back to the days when he was doing everything himself, but the fact is that they need to do this. He agreed with Mr. Suitor that they thought it could work differently with Trevor, but after thinking about it, it is not a workable solution. Brody stated that he will use Trevor as a backup if he goes on vacation, but other than that, he is the only one on call 24/7, 365 days a year.

Mr. Cylvick could not see another alternative. They have no choice but to subcontract out for construction work. Brody pointed out that he has spoken with Jody and they both have agreed to help out each other when they need help. If it turns into something bigger or if Jody is not busy and Brody needs his help for a full day, he thought the Water Company could reimburse for Jody's time.

Mr. Cylvick stated that he would talk with Mountain Regional and explain their situation to speed up the annexation process. He thought they should utilize Brian Myers to keep Brody physically safe. If they have a leak over the weekend and no one can come up until Monday, they will just have to wait. Mr. Cylvick stated that if it appears that the annexation process will take two years, they may need to hire someone to help Brody. He pointed out that during the construction season Trevor will likely be working more hours than just 8-5 and have less time to help out.

MOTION: Eric Cylvick moved to APPROVE the 48-hour repair call and emergency repair call proposal from BTM. Paul Suitor seconded the motion.

VOTE: The motion passed unanimously.

Brody stated that he would like to have his son work with him this summer to help change out all the meters and do maintenance on the water system. Brody wanted to make the Board aware,

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but he did not need an answer this evening. Mr. Suitor thought it was a good idea if they could do it legally because of his age. Mr. Cylvick was in favor of it if it is legal.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 8:05 p.m.

Minutes Approved

Date