

Approved
July 8, 2021
as written

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JUNE 10, 2021

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Shaun Baker, Scott Smith, Paul Sutor – Board Members.

Ex-Officio: Brody Blonquist

Excused: Duane Yamashiro, Steve Anderson

Guests: Chris O'Rourke, Lot PI-E-16; Michelle Sutor, Lot PI-G-36

Eric Cylvick called the meeting to order 6:31 p.m.

Minutes

May 13, 2021

MOTION: Eric Cylvick moved to Approve the Minutes of May 13, 2021, as written. Paul Sutor seconded the motion.

VOTE: The motion passed unanimously.

Unpaid Bills

Brody reviewed the unpaid bills.

Brody commented on an invoice that was not included in the unpaid bills detail from Summit Ops, LLC in the amount of \$414.01. It was for two loads of dirt he needed on Elk Road, Lot PI-D-80. That money will be reimbursed as a result of the \$2500 bond the Water Company requires from the owner in case anything is damaged when doing a meter connection. The road settled after the meter was connected and Brody needed to add two loads of road base. He requested that the Board approve this invoice with the other bills this evening.

Brody continued with the unpaid bills. Badger Meter was for the cellular housing on the new meters. Delco Western was for chlorinator vacuum regulator rebuilds on the head of the chlorine bottle. Hydro Specialties was for the meters and lids. Brody noted that they were given the option to hold the payment until they get the electronic endpoints. Mr. Cylvick stated that they would wait for the endpoints before making the payment. KGC Associates was Carol's invoice. Pine Meadow Mutual Water Company was the escrow for the loans. Select Health was the employee health insurance premium. Summit County Public Health was three months of samples. Utah Division of Finance was payment on the two loans. White's Auto Parts was

miscellaneous parts for the truck.

MOTION: Eric Cylvick to pay the Unpaid Bills dated June 9, 2021, with the exception of Hydro Specialties to be paid later when the endpoints are received, in the amount of \$56,299.91. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Brody asked if the Board was comfortable with Carol releasing the payment to Hydro Specialties once they receive the endpoints rather than waiting until the next meeting to approve payment. Mr. Cylvick was comfortable sending the payment once Brody has the endpoints in hand.

Financials

The Board reviewed the profit and loss/ budget versus actual. Mr. Cylvick noted that they were close to 100% of the budgeted income, primarily due to the annexation connection and water hookup fees. The regular assessments had \$81,000 remaining according to the budget.

MOTION: Eric Cylvick moved to APPROVE the Profit and Loss/Budget versus Actual dated June 9, 2021. Paul Suitor seconded the motion.

The Board reviewed the balance sheet.

MOTION: Eric Cylvick moved to APPROVE the Balance Sheet dated June 9, 2021. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick noted that the Board forgot to approve paying the invoice for the two loads of road based under the unpaid bills.

MOTION: Eric Cylvick moved to APPROVE payment of \$414.01 for two truckloads of road base to be reimbursed by the \$2500 bond from the owner of Lot PI-D-80. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Chris O'Rourke – Lot PI-E-16

The Board had discussed a proposal regarding from Chris O'Rourke, Lot PI-E-16, at the last meeting. Mr. Cylvick had reviewed the requested documents that Chris O'Rourke, Lot PI-E-16, had provided following that meeting, but he had not had the opportunity to discuss them with the Board. He asked if any of the documents had changed since they were submitted. Mr. O'Rourke clarified that they were only rough

drawings, and nothing had changed. However, he realized that the property line runs at an angle, and it would probably be more like a parallelogram. Mr. O'Rourke stated that there were two ideas to achieve a 50' x 50' area. If they follow the property line it would not be a perfect square. Mr. Cylvick asked if Mr. O'Rourke preferred that approach rather than adjusting the lot line for an easement. He noted that the HOA Water Company water tank property is a protected water source or a dry lot and cannot be developed.

Mr. O'Rourke stated that his only concern with that option was getting onto his property from the bottom. He suggested the possibility of creating another easement to come across the back section when necessary. He would not put in another driveway, but he would like the ability to drive across the property.

Mr. Cylvick stated that the Board would like to see a parallel road of equal square footage as part of the Water Company/HOA, and Mr. O'Rourke would have the ability to cross over. Mr. O'Rourke offered another solution of extending the line further up. It would be appropriate for an easement driving in and achieve the same square footage. Mr. Cylvick did not believe that would be a problem. Mr. O'Rourke could then come down the eastern side of that piece of property and have a pullout area.

Mr. Cylvick clarified that the plan is to do a lot line adjustment. He asked Mr. O'Rourke to draw it in as close to scale as possible and have it surveyed so the Water Company would have it exact before recording with Summit County. He would be able to use Mr. O'Rourke's drawing when he talks with the attorney, Ted Barnes, without waiting for the survey.

Mr. O'Rourke asked if a land swap would be an issue. Mr. Cylvick emphasized that it would not be a land swap. It would only be a simple lot line adjustment.

Mountain Regional Annexation

Mr. Cylvick had prepared a spreadsheet comparing where they are now and where they will be with the Mountain Regional annexation in terms of what people will be paying. The top portion were his assumptions. He assumed a \$350,000 annexation fee, although he was told it might be closer to \$200,000. To be on the safe side, he estimated \$350,000 for 20 years at a 3% interest rate. He also included the Water Company's existing debt. Mr. Cylvick noted that the top rows showed what everyone is currently paying based on the low to high usage. He also included the Mountain Regional tiered rates. He added in what would be required to service the debt and what the annexation debt service would be and compared the two. The comparisons were shown at the bottom of the spreadsheet; PMMWC and Mountain Regional after annexation. Mr. Cylvick noted that based on his numbers, the base rate will go up \$160 per year with the annexation for 0-5,000 gallons. He pointed out that the Water Company was charging \$7,399 for using 100,000 gallons. Under Mountain Regional, 100,000 gallons would be \$2600. Most people stay under 20,000 gallons. Mr. Cylvick remarked that the \$480 standby fee with Mountain Regional is less than the \$770 that the Water Company charges for standby. The savings will be significant for property owners who do not have meters.

Mr. Cylvick believed the numbers were close to what they would be presenting to the shareholders when

they discuss annexation. Brody stated that his only concern is that currently Mountain Regional charges \$2.86/gal. for the pump charge to Stagecoach. Mr. Cylvick stated that he was going to negotiate locking in at the same tier rate in exchange for using the Water Company's tanks and infrastructure to service Stagecoach.

Mr. Cylvick stated that they would most likely stay with internal use water only. Pine Meadow is already there in terms of not watering landscaping, and he could see no reason to change. Mr. Cylvick remarked that currently the line coming up Stagecoach is not large enough to provide external use of water.

Mr. Cylvick believed all the information should be presented to the shareholders, so they understand why the Water Company is making this decision.

Mr. Cylvick reported that he and Brody met with Scott from Mountain Regional last week. Mountain Regional asked about the Water Company's water contracts, the number of water shares they own, and the policies for bringing in new people. Mr. Barnes provided Mountain Regional with a list of the water contracts. There were also questions about usage, number of standby lots and the number of metered lots.

Mr. Suitor asked if Mr. Cylvick had spoken with Ted Barnes about the possibility of retaining annexation fees. He noted that the shareholders paid for the infrastructure which is why they charge annexations fees, and he thought it was critical for the HOA to still get some type of fee when an SS lot annexes in. Mr. Cylvick pointed out that the Water Company did not have a lot of negotiating power, but he would talk to Ted Barnes. Mr. Suitor suggested that people with SS lots could pay a larger fee to Mountain Regional when they buy in to offset what Pine Meadow Water has been paying on the debt to build the infrastructure. Brody thought there was a good possibility that once Mountain Regional takes over, they will not let anyone annex in.

Mr. Cylvick noted that Mountain Regional has already changed some of the terms which opens the door for negotiating other things. There will always be a special case, and he could suggest that the special case extend to paying down the debt if Mountain Regional allows an annexation.

Manager Report

Brody had a buyer for the mini-hoe and the trailer if the Board was interested in selling. Mr. Cylvick stated that he needed to ask Scott about Mountain Regional's intentions regarding assets before they sell any of the equipment.

Mr. Suitor noted that the HOA might be hiring another full-time person and the HOA will probably need additional equipment.

Miscellaneous

Michelle Suitor stated that the Aspen Ridge map by Bobcat Springs keeps falling over and Cheryl Groot asked if it was possible to mount the map to the side of the water pump building. Brody preferred not to have anything on that side of the building because it is closer to the drinking water.

Ms. Suitor thought she saw the Water Company mounting a security camera on Tollgate Canyon Road. Brody stated that Jody wanted to mount a camera so he could see the road in the wintertime. It is the HOAs security camera. Jody purchased the camera and since the Water Company gets free internet at the pump houses, they had the internet company put Wi-Fi down there.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:15 p.m.

Minutes Approved

Date