

PINE MEADOW MUTUAL WATER COMPANY
BOARD OF TRUSTEES ANNUAL WATER MEETING
THURSDAY, OCTOBER 12, 2023

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Steve Anderson, Shaun Baker, George Sears – Board Members.

Ex Officio: Brody Blonquist, Trevor Townsend, Carol Steedman with KGC Associates, Administrative Secretary

Excused Board Members: Scott Smith

Eric Cylvick opened the Annual Meeting at 6:30 p.m.

Only Board Member Shareholders were in attendance.

Approval of 2022 Annual Meeting Minutes

MOTION: George Sears moved to approve the 2022 Annual Meeting Minutes dated October 13, 2022, as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Approval of Financial Report and 2024 Budget

Mr. Cylvick reported that Brody had asked for an increase in the fuel allocation from \$5,000 to \$6,000 in the 2024 budget.

Mr. Cylvick noted that the Mountain Regional meter pit was still showing in the budget; however, the Board decided not to do the meter pit because it was not cost-effective. The line item for Mountain Regional Water under Water System Maintenance had no water purchase and was zero.

Mr. Cylvick remarked that Brody asked for \$5,000 in the budget for meter installations. The \$5,000 should cover between 10-12 meters and endpoints.

Mr. Cylvick stated that they should be done with the Forgotten Lane Water project this year, and nothing was budgeted for 2024.

Brody thought they would need to revamp the telemetry system over the next couple of

years and he recommended earmarking \$20,000 for that project.

Mr. Anderson noted that the Water Company charges a connection fee when people request a meter installation. He asked Carol why the fee was not reflected in the budget. Carol explained that they always leave it zero because it is a depletion and eventually there will be no connection fees. The Water Company prefers not to run its operations from funding that is not consistent. Mr. Anderson stated that last year the operating budget showed a negative; however, Revenues exceeded Expenditures \$91,000 last year and approximately \$81,000 was in connection fees. He pointed out that based on those numbers, their operations are running approximately \$10,000 under budget. Mr. Anderson was unsure how much of that money was actually from meter connections. He asked if it was possible to make a connection fee cost category in the accounting so they could track it. Carol noted that it was showing in the budget under the category Meter Installation. Brody referred to the top of page 3 under Meter Installations and stated that the \$26,587 was for meter parts only. On page 1, the Water Connection Assessment of \$79,948 was what they collected from new water letters. but some meters are not installed.

Brody remarked that the amended regulation beginning in January would influence a change in the new Profit and Loss/Budget versus Actual. The category Water Hookup on page 1 will show what people pay to purchase parts. On page 3, under Meter Installation, that number will also be different because it was for parts purchased by Pine Meadow Water and that will be no longer done next year.

Mr. Anderson asked if they would keep the meter connection fee the same. Mr. Cylvick replied that they would keep the Infrastructure Connection Assessment, but they would eliminate the Water Hookup fee. Mr. Anderson recommended that the money from the Infrastructure Connection fee that is not used should go into a capital reserve fund. Brody stated that the money must go back into the water system, and they show it as purchasing water from Mountain Regional or going into a Capital Reserve fund. Mr. Cylvick explained that another \$322,000 in escrow reserve was required by the DDW also as part of the loan requirement. That money can be used for the water system, but the Water Company would need to repay it to the reserve at \$1800 per month.

Mr. Anderson pointed out that eventually, the water system will need to be replaced or repaired. They will either need to charge people for it again or have money set aside to fix the system in the future. Mr. Anderson did not think it was fair to charge 2024 owners for a system that has been used for 20 years.

Mr. Cylvick stated that he and Carol talked about this same issue. They have another reserve fund that is unfunded. Carol explained that the Debt to Loan Reserve Escrow Fund

is set by the DDW and there is \$322,000 in the reserve. The Mountain Regional Fund reserve is not an escrow account, it is funded as a CD Asset and is not shown as a liability. That Capital Facility account is required to be funded so it is shown in a separate place on the budget.

Mr. Cylvick stated that once the required Debt Reserve was fully funded, the Water Company continued to pay that \$1800 each month towards bringing the Mountain Regional Fund up to \$100,000. Mr. Cylvick remarked that they fund the Capital Reserve Unfunded account with another \$2,000 per month. They have funded up to \$100,000 in the Mountain Regional Fund. Therefore, \$3800 per month goes into the Capital Facility fund.

Brody pointed out that currently, they were approximately \$4,000 in arrears for water trade from Mountain Regional. However, there was some room for water trade from Pine Meadow to Stage Coach and. Brody thought the exchange would be lower than \$4,000 when Mountain Regional bills again in December.

Mr. Anderson was comfortable with the money being set aside, but he emphasized his request to put any unused monies into the capital reserve account because that money would need to be used for updating the water system someday.

MOTION: Steve Anderson moved to approve the Profit and Loss/Budget versus Actual and the Balance Sheet as presented, and to approve the 2024 Budget. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

MOTION: Eric Cylvick moved to begin to fund the Unfunded Capital Reserve for \$2,000 per month with the understanding that once the Mountain Regional Reserve account is fully funded at \$100,000, the approximately \$1800 they pay into that water purchase fund would then go into the Capital Reserve Unfunded account. At a minimum, the Capital Reserve Unfunded will be funded \$2,000 per month with the potential of being funded at \$3,800. George Sears seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Brody reported on what the Water Company accomplished in 2023.

Brody and Trevor did 11 new meter installations this year. The Water Company was looking at upgrading the telemetry system due to problems with the old radios and antennas. Everything will be moved over to the Internet. The advantage of going from radios and antennas to the Internet is that their Internet Company, SKM, can get on remotely to fix any of the sites if something goes down. If he and Trevor want visual changes, SKM can make those changes remotely. Brody stated that they get free Internet service to any of the sites through Utah Broadband because Pine Meadow Water provides the cell tower on top of the water tank.

Brody noted that the only cost is the initial cost to switch everything over. While they are doing that upgrade, they will also upgrade from the SCADA packs which are old and becoming obsolete. Brody stated that during the upgrade process, he also had the Allen-Bradley's taken out. Brody explained that before he came to the Water Company, Jerry Rupert had an Allen-Bradley System. Brody had APCO come up and put in the SCADA and both agreed. They are now eliminating the antiquated Allen-Bradley's and the SCADA packs and are just going with one interface.

Brody reported that he and Trevor have primarily been doing maintenance. They fixed a couple of leaking fire hydrants. They started the Forgotten Lane project, and they still need to finish laying the line and installing two other fire hydrants.

Mr. Cylvick asked Brody to estimate the water source from all the well sources. Brody replied that 25 gpm was a good number for Uncle Tom's. Tollgate Well was approximately 6 gallons per minute. Lower Tollgate Well was approximately 12 gallons per minute. Mr. Cylvick summarized that they were producing approximately 43 gallons per minute from their own sources when everything was running. It was a better number than he expected.

Mr. Anderson asked if the water levels had gone up this year. Brody replied that levels significantly increased on Lower Tollgate Well because last year the pump kept tripping out. It was not a problem this year and the well ran constantly all year.

Amendment to the PMMWC's Uniform Rules and Regulations for the Governance of Water Distribution Services.

Cylvick read the amendment.

2.2 The fee charged for the Water Company endpoint and inspection of the connection shall include the cost of the water meter endpoint and the inspection of the connection by Company personnel. The fee charged by the Company may vary with the changing costs and availability of these items.

3.4.3 – Setting of the meter – is hereby amended to read, “The Lot owner shall be responsible for the construction and installation of the water meters and connections that were not physically tied into the Company’s distribution system prior to October 12, 2023. The Lot owner shall provide the following connection parts: The saddle, the corp stop, inserts, meter piping, meter setter, meter box, meter box ring, and lid. All connections shall be done by licensed and insured contractors at the expense of the lot owner. The Lot owner shall warrant the installation and connection work for a period of one year following the connection and will be responsible for any future water line repairs and other issues that may arise on the lot owner’s side of the meter. “

3.4.3.2 – Required Valve – is hereby amended to read, “A shut-off valve, which is the corp stop, shall be installed on the distribution line ahead of the meter to allow the water to be shut off. A stop and waste valve shall be installed at the connection of the meter yoke on the lot owner’s side of the yoke. These installations must be inspected and approved by the company.

All Rules and Regulations not amended hereby remain in force and effect. This amendment was approved by a majority quorum vote at the Annual Water Meeting Board held October 12, 2023.

MOTION: Eric Cylvick moved to incorporate the changes as stated above. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

Mr. Sears remarked that the amended document would be posted on the website, and he thought it was important to make everyone aware that things have changed. Once the Board posts it the owners have an obligation to be informed.

Approval and Vote on New Hook-up Fee

Mr. Cylvick stated that the new hook-up fee was reduced from \$1,920.56 to \$500 for the meter only.

MOTION: Eric Cylvick moved to approve the new hook-up fee of \$500 from the previous fee of \$1,920.56. George Sears seconded the motion.

VOTE: The motion passed unanimously.

Approval and Vote on Increasing the Annexation by One Standby Assessment

MOTION: Eric Cylvick move to increase the Annexation fee by one standby assessment of \$770, resulting in an increased fee of \$23,438. George Sears seconded the motion.

VOTE: The motion passed unanimously.

Approval and Vote on Updated Assessment Schedule

Carol explained that the Board needed to make a motion to approve the Assessment Schedule as presented with all the new changes. She noted that everything remains the same and the only modification is to add the new changes just approved.

Brody asked Carol to add the date the new changes were approved by the Board before she posts the updated Schedule on the website. Carol replied that she would cross reference the approved changes with the Minutes.

MOTION: Steve Anderson moved to approve the updated Assessment Schedule maintaining the current rate schedule with the changes approved in the previous motions. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

Elections

Carol reported that as of today, close to 40 shareholders had voted. Ballots were still coming in.

2024 Annual Meeting Date

Mr. Cylvick stated that the Annual Meeting next year will be the first week of October on October 3, 2024. He thought some people might have attended if it had been an earlier week because this meeting was held during UEA/Fall Break week.

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MOTION: Eric Cylvick made a motion to move the Annual Water Meeting to October 3, 2024, which is one week earlier than usual, primarily to miss UEA and Fall break for most schools. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

The Annual meeting of the Pine Meadow Mutual Water Company adjourned at 7:18 p.m.

Minutes Approved

Date