



PINE MEADOW MUTUAL WATER COMPANY
BOARD OF TRUSTEES MEETING
THURSDAY, October 2, 2025
SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Scott Smith, Shaun Baker, George Sears,

Excused: Steve Anderson,

Ex-Officio: Brody Blonquist

Mr. Cylvick called the meeting of the Pine Meadow Mutual Water Company to order at 7:20 PM.

Minutes

The Board reviewed the minutes dated Thursday, September 18, 2025. Mr. Cylvick asked for any questions or changes, and none were raised. He then made a motion to approve the minutes.

MOTION: Eric Cylvick moved to approve the regular Minutes of September 18, 2025, as written.

SECOND: The motion was seconded by Scott Smith.

VOTE: The motion was approved unanimously.

Unpaid Bills Review

It was noted that financials had already been reviewed and approved at the annual meeting held just prior. The board then reviewed the unpaid bills totaling \$33,153.62. Brody Blonquist provided a detailed breakdown:

- **Eric Cylvick and George Sears** – Per diem for meeting participation.
- **KGC Associates Inc (Carol Steedman)** – Administrative support services.
- **Pine Meadow Mutual Capital Account & Pine Meadow Mutual Water Company** – Internal account payments.
- **Rural Water Association** – Annual dues to maintain membership, which includes free CEU training for Brody and Trevor as licensed water operators, and access to support services.
- **Scott Smith, Shaun Baker, Steven Anderson** – Per diem payments.
- **Summit County Treasurer** – Property tax assessments on non-buildable lots.
- **Utah State Division of Finance** – Loan repayments.
- **Wasatch Leavitt Insurance** – Additional premium for the new Ford vehicle.
- **White's Auto Parts** – A credit appeared without explanation, but would plan to monitor it.

The total of **\$33,153.62** included routine obligations and required no further discussion.

MOTION: Eric Cylvick motioned to approve the unpaid bills for \$33,153.62.

SECOND: The motion was seconded by Shaun Baker.

VOTE: The motion was approved unanimously.

Water Usage Strategy and Mountain Regional Agreement

Mr. Cylvick initiated a detailed discussion on long-term planning for water purchasing from Mountain Regional. He noted that he had been drafting a strategic water use and cost model that would include trigger points for capital infrastructure upgrades and potential annexation, based on either usage or cost thresholds. He projected that future infrastructure needs—such as upgrades to three pump houses—would cost up to \$1.5 million, and suggested that developments like Red Hawk II should carry a significant portion of that cost. The board debated whether to base triggers on gallons used or total dollars spent, with Mr. Cylvick leaning toward dollar-based triggers, which would adjust more cleanly with inflation and wholesale rate changes from Mountain Regional.

Mr. Sears advised that inflation modeling should be factored in, as water costs will increase. Mr. Cylvick proposed tracking the system's annual water purchase expenditures and setting a soft trigger at \$20,000–\$30,000/year to initiate infrastructure upgrades. Once annual costs reach \$75,000–\$100,000, he recommended using that as the annexation trigger point, meaning the cost of purchasing water would become unsustainable without becoming part of Mountain Regional's system.

Currently, the company owes about \$2,500 for water to Mountain Regional and budgets \$20,000 annually for future purchases. Mr. Cylvick emphasized that spending \$100,000 on water would only require an increase of \$100 per shareholder, a manageable figure. He stressed the importance of negotiating a self-contained agreement with Mountain Regional rather than relying on future variables with other developments.

Potential for Future Annexation

Brody and Mr. Cylvick agreed that once water purchasing exceeds affordability thresholds, annexation might become the most viable long-term solution. Mr. Cylvick estimated this would not occur for at least 15 years, possibly beyond Brody's tenure. The discussion included the potential for serving developments such as Red Hawk and Black Hawk II, with Red Hawk being the only current candidate.

Scott Smith inquired whether Mountain Regional was open to annexation. Brody confirmed they could annex the water company if requested, but believed it was more of a negotiation tactic than an immediate goal. Mr. Cylvick noted the company would retain control of that decision and emphasized the importance of financial preparedness rather than forced integration.

Usage Metrics and System Capacity

Brody reported that annual customer water usage totaled 7.2 million gallons, with existing well capacity producing 32 gallons per minute. The system currently loses approximately 5 gallons per minute, which was considered minimal. Discussion followed regarding usage peaks and the need to maintain a balance between well capacity and emergency water purchases.

Mr. Cylvick reiterated that increased full-time residency impacts water use. The number of full-time residents had doubled from 100 to 200 in recent years. The board acknowledged that full-time users consume significantly more water than seasonal residents. He further explained that water purchased from Mountain Regional costs \$10 per thousand gallons, while customers pay up to \$44 or \$55 per thousand gallons, resulting in substantial profit margins. Overages are charged at \$33 per thousand, triple the wholesale cost, creating a strong revenue position for the water company.

Financial Forecasting and Build-Out Considerations

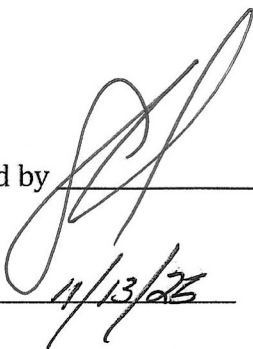
Mr. Cylvick shared that with an expected 3% annual inflation rate, future rates may increase modestly, but not drastically. He anticipated that 300 additional lots could be built out, bringing new hookup and meter revenue, which could help avoid raising existing rates. The board agreed that only minimal rate increases may be necessary over the next 10–15 years, possibly just \$100–\$250 per year per shareholder, depending on inflation and buildout pace. Mr. Sears stated that increased full-time residency would continue to shift revenue upwards, which could also offset future cost increases.

Mr. Cylvick expressed confidence in the water company's current position, stating that the financial strategy and pricing model set up by the board had put the company in a solid position. He emphasized the importance of finalizing trigger numbers and timelines in collaboration with the company attorney and engineer, Steve. Brody joked about retirement timelines, suggesting no immediate changes were needed.

Mr. Cylvick adjourned the Pine Meadow Mutual Water Company regular board meeting at 7:33 PM.

Approved by _____

Date _____



11/13/25