



PINE MEADOW MUTUAL WATER COMPANY
BOARD OF TRUSTEES MEETING
THURSDAY, November 13, 2025
SUMMIT COUNTY, UTAH

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

Ex-Officio: Trevor Townsend

Excused: Scott Smith

Guests: Chris Bell (PI-D-35), Gale Sears (PI-I-3)

Mr. Cylvick called the meeting of the Pine Meadow Mutual Water Company to order at 6:30 PM.

Minutes

The Board reviewed the minutes dated Thursday, October 2, 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 October 2, 2025, as written.

SECOND: The motion was seconded by Steve Anderson.

VOTE: The motion was approved unanimously.

PI-D-35 Chris Bell Refund Request for Temporary Water Letter

Mr. Cylvick initiated a discussion regarding a letter from Chris Bell (PI-D-35), who requested a refund of \$11,082.96 for a temporary water letter purchased in August 2021. The Chris Bell letter explained that he never built on the lot, never had a meter installed, and did not obtain a building permit or submit plans to the HOA architectural committee. The letter was marked "temporary" and "recreational use only-not for building." Chris is in the process of selling the lot, and the buyer of the lot does not intend to build and is acquiring the property solely as an open space buffer.

Mr. Cylvick noted the temporary letter did not state it was non-refundable, unlike permanent letters, which include that language. He consulted with Trevor and Brody, who confirmed that no refunds had ever been issued by the Pine Meadow Mutual Water Company (PMW) for any type of water letter.

Water Letter Policy and Precedent

Trevor stated that in 2022, the board approved a rule against refunds for any water letters, although this may have occurred after Chris Bell's water infrastructure purchase. Mr. Sears and Mr. Anderson discussed that the rule's applicability to temporary letters was unclear.

Chris Bell reiterated his timeline and reasoning. He paid in good faith with the intent to build, but circumstances changed due to the builder's bankruptcy and construction inflation. No development occurred on the lot. He also referenced that the PMRHOA recently refunded his building fee for similar reasons.

Trevor explained the historical context for the no-refund rule: many owners have never completed installations after paying the water infrastructure fee to receive a water letter, which has caused the company to incur material costs in anticipation of a meter install. However, in Mr. Bell's case, no meter was ordered, no parts were bought, and the lot remained unimproved.

Trevor cited other cases, such as (PI-E-30 combined with PI-E-31), where a meter existed was capped, and the refund was denied. Mr. Cylvick emphasized that Chris Bell's case was unique because:

- No meter was issued
- The water letter was temporary
- It lacked a refund disclaimer

Chris Bell confirmed that after Carol's suggestion, he diligently searched 10 years of board minutes and found no published rule prohibiting refunds on temporary letters.

Mr. Anderson, Mr. Sears, and Mr. Cylvick agreed that the board needed to confirm whether the refund rule was formally adopted or simply a verbal/e-mail consensus. Mr. Sears emphasized the importance of consistency, especially in documented policies.

The board agreed a no vote would be made until Carol researched the official minutes for a formal ruling or resolution on water letter refunds.

Mr. Anderson raised concerns over future liability if refunds were issued without a clear policy. He noted temporary water letters could be held for years, unused, and create expectations of a refund upon property sale.

The board discussed whether the refund should be contingent on the lot becoming a dry lot, but eventually rejected that condition, noting the potential for future revenue if the buyer later chose to build.

Chris Bell emphasized his good faith, transparency, and lack of any intent to exploit loopholes. He restated his inability to find any rule or policy prohibiting refunds for temporary water letters and reiterated that he had made no improvements or use of the water system.

Mr. Cylvick stated that after 25 years as president, he had never issued a refund but acknowledged Mr. Bell's situation was an exception worth reviewing.

Elimination of Temporary Water Letters

The board reviewed the lack of necessity and clarity around temporary water letters. They agreed that the original intent—helping people camp or prepare to build was a carryover from the Special Service District in the 1990s—was no longer relevant or practical.

MOTION: Mr. Cylvick made a motion to formally end the issuance of temporary water letters going forward.

SECOND: The motion was seconded by George Sears.

VOTE: The motion passed unanimously.

Formal Rule Against Refunds

Mr. Cylvick made a motion to formally adopt a rule:

MOTION: Mr. Cylvick made a motion that “No refunds will be issued on Summit County Health Department Drinking Water Services Certification for permanent or temporary water letters.”

SECOND: The motion was seconded by George Sears.

VOTE: The motion passed unanimously.

Mr. Anderson voiced a legal concern: if a refund was given to Chris Bell before the rule was formalized, others might seek retroactive refunds. He proposed notifying temporary letter holders before the rule takes effect.

Historical Precedent

Trevor presented an email thread from April 20, 2022, in which board members, Scott Smith, Eric Cylvick, George Sears, and PMW's attorney, Ted Barnes, expressed a consensus against refunds. However, Mr. Sears clarified that there needed to be a formal vote or rule adoption recorded, and such matters must be certified and added to the rules and regulations to have legal standing.

Mr. Anderson and Mr. Sears discussed earlier similar refund requests that were denied, reinforcing that no refunds had ever been granted, including owners who had paid \$22,000 across multiple lots.

Carol's findings and Brody's recollection confirmed consistent rejection of refund requests in the past, but again, no rule had been presented as officially codified.

COMMENT: Gale Sears (PI-I-3) questioned the logic of charging for water that was never connected or used. Mr. Anderson explained that the fee secured the right to connect to the water system, not the service itself. The consensus was that buyers were paying for a water share, not guaranteed usage or service.

The board reviewed the implications of making a lot “dry.” Mr. Sears and Mr. Cylvick clarified that such action would remove the water share and complicate the water letter.

Final Decision Pending

The board concluded that they must validate whether a formal vote or a rule against refunds was ever recorded in the minutes or published documents. If no such ruling is found, the board would consider issuing Chris Bell’s refund. The matter will be revisited after Carol’s research is completed.

The Board agreed to present the certified and published rule at the next annual meeting, ensuring legal standing and a long-term permanent record.

Unpaid Bills and Financial Statements Review

The board then reviewed the unpaid bills. Trevor Townsend provided a detailed breakdown:

- **Badger Meter** – Monthly subscription for Eye on Water app
- **Delco Western** – Rebuilt chlorine injector, parts, and labor
- **KGC Associates Inc (Carol Steedman)** – Administrative support services.
- **Pine Meadow Mutual Capital Account & Pine Meadow Mutual Water Company** – Internal account payments.
- **Rocky Mountain Power** – Monthly power bills
- **Summit County Public Health** – Monthly water samples
- **Summit County Treasurer** – Property tax assessments on source protection lots.
- **Utah State Division of Finance** – Loan repayments.
- **Verizon** – Monthly phone bill
- **White's Auto Parts** – A credit appeared without explanation but would plan to monitor it.

The total of **\$37,499.37** included routine obligations and required no further discussion.

MOTION: Eric Cylvick motioned to approve the unpaid bills for \$37,499.37.

SECOND: The motion was seconded by Shaun Baker.

VOTE: The motion was approved unanimously.

00:44:38 – Financial Review: P&L and Budget vs. Actual

Presented to the board was the Profit and Loss (P&L) statement.

Mr. Cylvick noted that the total water assessment collected was approximately \$836,830, achieving 100.7% of the budgeted target, and exceeding expectations by \$31,000. The board observed that currently, Net Income for the year was \$291,997.29, with approximately six weeks remaining in the fiscal period. Given their average monthly expenses of around **\$40,000**, there was optimism about ending the year on budget.

MOTION: Eric Cylvick made a motion to approve the Profit and Loss, Budget vs. Actual

SECOND: The motion was seconded by Steve Anderson.

VOTE: The motion passed unanimously.

Mr. Anderson commented that the company remained financially solvent, which Mr. Cylvick affirmed.

Trevor mentioned payments made related to taxes and highlighted an earlier inquiry about a \$100,000 drop in total assets. Mr. Anderson and Mr. Sears concluded it was likely due to the depreciation of the water system infrastructure.

MOTION: Steve Anderson made a motion to approve the Balance Sheet.

SECOND: The motion was seconded by Eric Cylvick.

VOTE: The motion passed unanimously.

Management Report: Water Theft Incident

Trevor described November as a slow month, with the primary incident being water theft. A paving company illegally accessed water from a fire hydrant, ignoring a \$2,500 fine. The paving company tied a garden hose to a hydrant on an active lot. Rod Newby, a local contractor working nearby, confronted them and warned of the fine and legal risk. Despite the warning, the paving crew continued.

Another neighbor witnessed and reported the theft, prompting Brody to respond. The first sheriff's deputy did not act on the complaint or issue a citation. However, Brody contacted the Summit County Sheriff, a personal acquaintance, who ensured proper enforcement was carried out.

The \$2,500 fine is collected by the water company, not the county. If unpaid, PMW retains the homeowner's deposit, as was done in a previous similar case involving another contractor.

Mr. Cylvick explained he walked by when Brody was by the hydrant and immediately authorized him to call the sheriff, emphasizing the need to deter future violations. The illegal hookup was discovered during a \$20,000 paving job, and the paving company ignored multiple warnings.

Trevor confirmed the construction crew had a history of similar incidents, including unauthorized use last year. He detailed other suspicious hydrant activity, including wet hydrants without personnel present, indicating likely unauthorized use.

Trevor reported that two other hydrants showed signs of recent unauthorized access. Contractors may be using the hydrants to wash out concrete or draw water without permission. The board acknowledged the ongoing problem and emphasized the need to catch violators in the act.

Trevor confirmed that homeowners and contractors had been proactive in reporting suspicious activity. Information has been posted on the website, and prior alerts have been issued warnings about water theft.

Shaun Baker praised the new monitoring system, which allowed the team to detect issues quickly. He recounted a case where Brody detected a 1,100-gallon/hour leak from a neighbor's unattended hose and contacted the owner to resolve it. Trevor confirmed the contact info was corrected in the Ziptility system, improving communication going forward.

Long-Term Water Agreement and Strategic Triggers

Mr. Cylvick reported significant progress on the Mountain Regional long-term water agreement, noting that updated pricing was received that day. The standard wholesale water rate is currently \$17.50 per 1,000 gallons, increasing to \$18.50 in 2026. However, PMW has negotiated a discounted rate of \$10 per 1,000 gallons for 2025, rising to \$10.50 in 2026 and \$11.03 in 2027—a substantial discount of \$7.50 per 1,000 gallons from the wholesale rate.

To align with a “user-pay” philosophy, Mr. Cylvick revised the agreement to avoid locking in a volume like 150 gallons per minute, which would equate to approximately \$700,000 per year—a cost the board deemed unfeasible.

Guided by a suggestion from Andy Garland, Mr. Cylvick incorporated trigger-based thresholds into the contract and sent the revised draft to attorney Ted Barnes for review. He explained that the board could initiate the infrastructure study at its discretion, stating that they may choose to pay Bowen Collins at any time for a detailed analysis. Bowen Collins are currently developing a quote to determine the cost and scope of improving the Stagecoach pump stations (three in total) to enable a supply capacity of 120 to 130 gallons per minute. This would include an engineering fee to be paid once the quote is received and the board elects to move forward.

Mr. Cylvick emphasized that this approach preserved control and timing, ensuring upgrades would only be triggered by real usage needs, not speculative commitments.

The first trigger is a three-year running average of \$20,000 per year in water purchases, which would initiate infrastructure upgrades (such as improving three Stagecoach pump stations). These upgrades could be initiated earlier at the board's discretion, with the idea of completing them in phases to manage costs.

Mr. Cylvick emphasized that this dollar-based model provides more financial predictability than trying to anticipate future water volumes or fluctuating rates. He noted that the system currently pays about \$2,500 per year for water, making \$20,000 a significant increase but still tied to real usage.

The second trigger would be set at \$75,000 in annual water purchases, averaged over three years, which would trigger annexation into Mountain Regional Water. This annexation must also occur no later than 15 years from now, regardless of spending. Mr. Cylvick calculated this to be financially sustainable for the shareholders, estimating up to double current usage before reaching this threshold.

Mr. Anderson asked if these numbers were acceptable to Mountain Regional. Mr. Cylvick responded that the draft was still under review and that the feedback so far was positive, especially with the clear structure and avoidance of unrealistic flow guarantees like 129 gallons per minute, which were based on outdated engineering projections.

Mr. Cylvick noted that actual usage is currently around 42 gallons per household per day, and the community is unlikely to ever reach 800 connections. Therefore, planning around 129 gallons per minute is unnecessary. He proposed that Brody perform a more accurate internal water usage analysis.

Mr. Cylvick added multiple clauses to strengthen the water agreement:

- A clause specifying "internal use only" for purchased water.
- A clause requiring external users or communities to fund all infrastructure upgrades needed to connect.
- Protection against future regulatory demands during annexation, using the prior \$75,000 engineering study to lock in compliance status.

These provisions aim to shield PMW from unexpected future costs and preserve autonomy over infrastructure decisions. Mr. Cylvick referenced a request from Red Hawk, a neighboring development, which wanted 1,000 gallons per minute of fire flow capacity despite only having 15,000 gallons of water storage and aging infrastructure with 4-inch lines. He stated clearly that only emergency or temporary water might be considered, pending approval, and any permanent access would require full system upgrades by Red Hawk—including 100,000 and 50,000-gallon tanks and compliant fire hydrants.

Mr. Anderson and Mr. Sears supported this firm position, agreeing that it is Red Hawk's responsibility to modernize their system before requesting access. They dismissed the idea of extending PMW infrastructure to support another community's inadequate system.

Legal Action Against Joseph Pentz

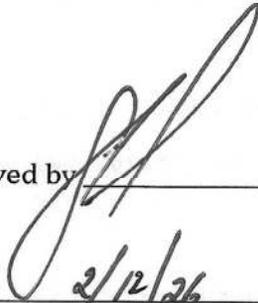
Mr. Sears confirmed that a cease-and-desist letter would be sent the next morning via registered mail to Joseph Pentz and his attorney. The action was prompted by Pentz's unauthorized fencing and blockage of a Canyon Road South access point and Valley Vista Drive North access point, which restricts an PMW-owned lot's access.

Mr. Sears stated the letter had been strengthened after reviewing additional evidence and emphasized the legal seriousness of the matter. Mr. Cylvick noted the safety risk posed by the fencing, which prevents vehicles from turning around on a steep section of road, potentially causing harm.

Mr. Cylvick adjourned the Pine Meadow Mutual Water Company regular board meeting at 7:41 PM.

Approved by _____

Date _____


2/12/26