



PINE MEADOW MUTUAL WATER COMPANY
BOARD OF TRUSTEES MEETING
SUMMIT COUNTY, UTAH
THURSDAY, AUGUST 13, 2026

Board Members in Attendance: Eric Cylvick, Steve Anderson, Scott Smith, George Sears
Excused: Shaun Baker
Manager: Brody Blondquist

CALL TO ORDER

Mr. Cylvick called the Pine Meadow Mutual Water Company Board of Trustees meeting to order at 6:33 PM.

APPROVAL OF MINUTES

The minutes from the regular Board of Trustees meeting of Thursday, July 9, 2026 were presented. The board confirmed all members had an opportunity to review them before the meeting.

MOTION: Eric Cylvick moved to approve the minutes from the Board of Trustees meeting of Thursday, July 9, 2026.

Second: The motion was seconded by George Sears.

VOTE: The motion was approved unanimously.

FINANCIAL REPORTS

Profit & Loss — Budget vs. Actual, January 1 through August 12, 2026

The Profit & Loss Budget vs. Actual report was reviewed. Key items noted:

- **Standby Income:** Revenue is down approximately \$47,000 from the standby fee line year-to-date.
- **New Connections:** Three meter installations have been completed to date. Brody explained that many applicants obtain water letters solely to satisfy Summit County permitting requirements and do not begin construction until the following year, so connection-fee revenue often lags the number of approvals issued.
- **Engineering:** Approximately \$3,500–\$4,000 spent, attributed entirely to a 114-page hydrology memo. Mr. Anderson noted the report was highly comprehensive and very reasonably priced.
- **Electricity / Utilities:** The utility budget line remains approximately \$15,000 under the overall budgeted total with three months left in the year. Budget amounts for utility lines are set at 100% of prior-year actuals, which accounts for individual utility categories showing a 100% budget-to-actual ratio.

MOTION: Steve Anderson moved to approve the Profit & Loss Budget vs. Actual report for the period January 1 through August 12, 2026.

Second: The motion was seconded by Scott Smith.

VOTE: The motion was approved unanimously.

Balance Sheet — Previous Year Comparison, as of August 12, 2026

The Balance Sheet Previous Year Comparison was reviewed. The following item required clarification:

- **Mountain Regional Water Source — Funded vs. Other:** Page 2 shows “Mountain Regional Water Source — Funded” as a negative \$102,354 alongside a “Mountain Regional Water Source — Other” entry of \$100,000. Mr. Cylvick raised the question. Mr. Anderson explained that the funded line represents cash the company has set aside against that liability: the board previously resolved to fund \$100,000 as a reserve for this purpose, and the balance is now \$102,354, meaning the company is slightly overfunded. The net liability is overpaid by \$2,354. This entry reflects the board’s own internal funding reserve and carries no obligation to any third party.

MOTION: Eric Cylvick moved to approve the Balance Sheet Previous Year Comparison as of August 12, 2026.

Second: The motion was seconded by Steve Anderson.

VOTE: The motion was approved unanimously.

Unpaid Bills

Brody presented the unpaid bills dated August 12, 2026, for \$42,166.90:

- **Badger Meter** — \$540.74. Monthly EOW meter service fees.
- **Bowen Collins & Associates** — \$1,043.00. Engineering services currently in progress.
- **Cache Valley Fire Hydrant** — \$1,997.93. Repairs to two fire hydrants on Pine Loop. Both repairs are now complete.
- **Delco Western** — \$3,151.44. Rebuild of the chlorinator unit; replacement of the internal chlorinator pump; new stat kit installed.
- **Eric Cylvick** — \$50.00. July per diem.
- **George Sears** — \$50.00. July per diem.
- **KGC Associates Inc** — \$2,715.60. Administrative and secretarial services.
- **Pine Meadow Mutual Capital Account** — \$2,000.00. Scheduled internal capital funding contribution.
- **Pine Meadow Mutual Water Company** — \$1,856.75. Scheduled internal funding contribution.
- **Rocky Mountain Power** — \$2,199.06 (two invoices: \$91.14 and \$2,107.92). Electrical service.
- **Scott Smith** — \$50.00. July per diem.

- **Shaun Baker** — \$50.00. July per diem.
- **Steve Anderson** — \$50.00. July per diem.
- **Summit County Public Health Department** — \$54.00 (two invoices of \$27.00 each). July water quality sampling.
- **Utah State Division of Finance — Loan 3F058** — \$12,820.00. Scheduled DDW State Loan payment.
- **Utah State Division of Finance — Loan 3F170** — \$13,510.00. Scheduled DDW State Loan payment.
- **White's Auto Parts** — \$28.38. Parts obtained from Napa for system maintenance.

MOTION: Eric Cylvick moved to approve the unpaid bills dated August 12, 2026, in the amount of \$42,166.90.

Second: The motion was seconded by Steve Anderson.

VOTE: The motion was approved unanimously.

Two additional invoices received after the bills list was compiled were presented separately for approval:

- **Hone Propane** — \$663.12 to top off the propane tank.
- **Clyde Snow & Sessions** — \$2,430.00 for legal representation in a small claims court matter. A former shareholder sought a refund of a water letter fee; the hearing was held, and the judge received all testimony. A ruling is expected in approximately four weeks. The board noted that \$2,430 for approximately 3.5 hours of Ted Barnes' attorney time plus written communications was very reasonable.

MOTION: Eric Cylvick moved to approve Hone Propane for \$663.12 and Clyde Snow & Sessions in the amount of \$2,430.00.

Second: The motion was seconded by Scott Smith.

VOTE: The motion was approved unanimously.

MANAGER'S REPORT

Brody reported on current system status and operations:

- **Water Supply:** The system is significantly short on water. The company's own wells are declining, and Mountain Regional has been supplementing supply. The past two weeks were particularly demanding due to a Mountain Regional water tanker filling at Stagecoach for road maintenance, which strained available supply. Mountain Regional filled the company's storage the previous Wednesday and again this Wednesday. On one day, 15,000 gallons were required to maintain system levels. Mountain Regional has been cooperative throughout.
- **Well Decline:** Uncle Tom's well has declined from approximately 28 gallons per minute (GPM) to 12 GPM. Tollgate well has declined from approximately 30 GPM to 6 GPM. After the decline in Uncle Tom's was observed, the pump and motor were

pulled and replaced; output remained at 12 GPM, confirming the decline is in the aquifer rather than the equipment. Scott Smith noted that a drilling contractor (Armstrong) reported similar widespread aquifer depletion across the Coalville and Wanship area on the I-80 corridor.

- **Night-time System Loss:** Brody calculated a loss rate of approximately 4.7 GPM based on readings taken from 11:00 PM to 5:00 AM when pumps are off, and tanks are static. Mr. Sears noted this figure may include Stagecoach drip irrigation systems (trees and flowers; no lawns have been observed). In winter, with irrigation systems shut down, the night-time loss rate is expected to decrease toward 2 GPM, which would provide a cleaner baseline leak estimate.
- **System Capacity:** The company's own well sources currently yield approximately 24 GPM combined. Peak summer demand reaches 32–34 GPM, creating a shortfall of approximately 10 GPM during high-use periods. At 24 GPM over an 8-hour overnight recharge window, the system can return approximately 11,520 gallons to storage per night — insufficient to meet sustained summer demand without supplemental supply from Mountain Regional.
- **Mountain Regional Usage Trend:** Brody has been providing Mr. Cylvick with monthly Mountain Regional intake figures. Before June 2025, monthly purchases were 5,000–20,000 gallons. Since June 2025, monthly intake has been consistently 150,000–250,000 gallons and has not returned to prior levels, including through the past winter. This pattern corresponds directly to the documented aquifer decline.
- **Other Maintenance:** The septic tank has been pumped. Furnace inspections are scheduled for both the shop and office — the furnaces have not been serviced in approximately 20 years. A meter installation is scheduled for the following week. Routine water system maintenance is ongoing.

Mountain Regional Water Supply Agreement — Renewal Discussion

The board discussed the status and renewal strategy for the Mountain Regional water supply contract, which is expected to expire approximately May 2027:

- **Current Contract Term:** A five-year term was confirmed in Paragraph A of the agreement. Rates are scheduled through 2027 at \$10.50 per thousand gallons (approximately 40% below Mountain Regional's wholesale rate of \$18.00/thousand).
- **Current Usage:** The company has purchased approximately 1.7 million gallons from Mountain Regional from November 2025 through August 2026. Three additional months remain in the billing year; total projected annual purchase is approximately 2.3 million gallons. In the prior billing year, total Mountain Regional intake was approximately 500,000 gallons, as the company's wells were performing normally for the first half of 2025. Total system use last year across 510 connections was approximately 8 million gallons, or approximately 43 gallons per day per connection.
- **120 GPM Reservation — Not Feasible:** Mr. Cylvick had proposed locking in a right to 120 GPM in the renewal contract — the State of Utah's minimum source requirement for full system build-out, as determined by Horrocks Engineering and confirmed by Bowen Collins Engineering at approximately 120–125 GPM. Mountain

Regional's president responded that reserving 120 GPM requires Pine Meadow to pay for that full capacity whether used or not ("pay to play"). At the wholesale rate applied to 120 GPM continuously, the cost would be approximately \$2,000,000 or more per year — not financially viable.

- **Board Direction — Return to Emergency Use Only:** The board agreed to abandon the 120 GPM reservation approach. The preferred strategy is to renew on an emergency-use-only basis, retaining the 40% wholesale discount, without specifying a volume cap in the contract. Mountain Regional has not historically imposed a volume cap, and the board favors keeping the language open. Mr. Cylvick noted that the county-operated district is unlikely to allow Pine Meadow to run dry, and that Mountain Regional depends on Pine Meadow's 500,000-gallon tank infrastructure and Stagecoach backfeed connection — leverage Pine Meadow intends to use in negotiations.
- **Annexation Trigger Clause:** Mr. Cylvick proposed adding an annexation trigger clause to the renewal: if Pine Meadow's annual water purchase from Mountain Regional reaches a defined cost threshold, Mountain Regional would be obligated to begin annexation proceedings. Thresholds discussed ranged from \$200,000 to \$500,000 per year. Mr. Sears confirmed this represents Pine Meadow's primary negotiating leverage, as Mountain Regional has stated it does not want to annex Pine Meadow. The board consensus was that inclusion of such a clause — even with a threshold 10 to 15 years out — would lock in long-term water security and make Pine Meadow formally a Mountain Regional customer, changing the dynamics of the relationship. Mr. Cylvick will draft revised contract language with an annexation clause and circulate it to the board and attorney Ted Barnes for review before submission to Mountain Regional.
- **Bowen Collins Engineering System Value Analysis:** An ongoing analysis by Bowen Collins estimates the annual value of Pine Meadow's infrastructure (tank, pipelines, interconnect) to Mountain Regional at approximately \$15,000–\$17,000 per year. Mountain Regional has disputed this figure, and Bowen Collins is revising the analysis. Mr. Cylvick argued that the valuation should encompass Pine Meadow's entire water system — wells, pumps, electricity costs, and full infrastructure — not only the direct interconnect, since the entire system enables Mountain Regional's Stagecoach customer deliveries.
- **Contract Length:** Mountain Regional has indicated it will only renew contracts in five-year increments, as they cannot project electricity costs, rate structures, or water availability beyond that horizon. The board agreed a five-year renewal is acceptable.

MANAGER RETIREMENT BENEFIT

Brody reported that he has declined several outside employment offers, with retirement matching being a primary factor in those opportunities. Mountain Regional provides a 5% salary match to its employees. The company currently matches 2.5% of Brody's salary in his SIMPLE IRA. Brody requested an increase to 5% to align with comparable local employers.

The board discussed the request and noted the benefit would also be made available to the assistant manager, Trevor Townend, should he elect to participate.

MOTION: Eric Cylvick moved to increase the SIMPLE IRA employer match to 5% of salary for Brody Blonquist, effective immediately, with the same benefit made available to the assistant manager should he elect to participate.

Second: The motion was seconded by Scott Smith.

VOTE: The motion was approved unanimously.

ADJOURNMENT

There being no further business, Mr. Cylvick adjourned the Pine Meadow Mutual Water Company Board of Trustees meeting at 7:33 PM.

Approved: _____

Date: _____

8/10/26