

PINE MEADOW MUTUAL WATER COMPANY
BOARD OF TRUSTEES ANNUAL MEETING

THURSDAY, OCTOBER 2, 2025

SUMMIT COUNTY, UTAH

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

Excused: Steven Anderson, Vice President

Ex-Officio: Brody Blonquist, Carol Steedman, KGC Associates, Inc

Eric Cylvick called the Pine Meadow Mutual Water Company Annual Board of Trustees meeting to order at 6:32 PM. Four shareholders introduced themselves as Bill Groot (PI-E-70-AM), Wally Simon, Beth Avellini (FM-C-77), and Adam Harmon (PI-F-66).

Approval of 2024 Annual Meeting Minutes

Mr. Cylvick asked for questions or comments on the **October 3, 2024**, meeting minutes. There were none.

MOTION: Eric Cylvick moved to approve the minutes as presented.

SECOND: The motion was seconded by George Sears

VOTE: The motion was approved unanimously.

Approval of 2026 Budget

The board reviewed the 2026 proposed budget. Mr. Cylvick noted a **\$70,000 line item** for telemetry system upgrades had been approved the prior year but was not spent, and the project would now carry into 2026. Brody confirmed the panel boxes were under construction. Carol clarified that no funds were spent in 2025, so full funding was available for 2026.

Mr. Cylvick stated the company had budgeted for a **\$120,000 loss**, but ended the year with a **\$138,000 gain**, due to lower-than-expected expenses and increased revenue. Additional income was earned by investing unused funds into high-interest CDs, generating **\$33,000 in interest** year-to-date.

Revenue budgeting did not include annexation, hookup, or new development fees. Operational expenses were covered solely by water assessment fees, which included excess water fees, standby fees, and metered water use.

MOTION: Eric Cylvick moved to approve the **2026 budget** as proposed.

SECOND: The motion was seconded by Scott Smith

VOTE: The motion was approved unanimously.

Balance Sheet Review and Approval

Discussion moved to the balance sheet as of September 30, 2025. Carol reported the remaining loan balance stood at approximately **\$3.9 million**, down from over **\$6.7 million**. Loan principal payments were approximately **\$200,000 annually**, with both loans carrying a 3% interest rate.

Brody and Carol confirmed the CDs auto renewed at current rates unless action was taken. Investments in CDs were renewed appropriately, with details to be added in future balance sheet reports.

Property holdings were reviewed—specifically non-buildable lots near Bobcat Springs—acquired for source protection and currently taxed at a nominal amount per year following reclassification to non-buildable status. Brody handled the reclassification early in his tenure to reduce tax liability.

MOTION: Eric Cylvick moved to approve the balance sheet as of September 30, 2025.

SECOND: The motion was seconded by Shaun Baker

VOTE: The motion was approved unanimously.

Manager's Report

Brody reported that 2025 was a strong year focused on preventative maintenance and system upgrades, aligning with the Water Company's goal of maintaining infrastructure following the completion of major replacement projects in prior years. Key upgrades included:

- **PRV (Pressure Reducing Valve) Upgrades:**
Older brass and copper components were replaced with **stainless steel** across the system to improve durability and reduce failure rates.
- **Well Maintenance – Uncle Tom's Well:**
The pump and motor, which were 12 years old, were proactively replaced due to worn bearings. This was done ahead of winter to prevent unexpected downtime.
- **VFD (Variable Frequency Drive) Replacements:**
Several aging VFDs controlling pump motors were replaced due to obsolescence and lack of manufacturer support. Parts had become difficult to source, prompting the updates.

- **Telemetry System Overhaul:**

Much of the telemetry (SCADA) infrastructure is now over 20 years old. A recent failure required purchasing a SCADA pack from eBay, highlighting the urgency of system upgrades.

- The company is now transitioning from radio-based to internet-based telemetry due to signal issues from tree growth and new cabin construction.
- This transition is cost-neutral, thanks to an agreement with a local internet provider in exchange for tower space, allowing the company free internet access for all telemetry sites.

Brody emphasized that the current maintenance philosophy is to upgrade components before failure rather than waiting for breakdowns.

Water Sources and Use of Mountain Regional Water

Brody confirmed the Water Company's active water sources include:

1. **Lower Tollgate Well**

2. **Tollgate Well**

3. **Uncle Tom's Well**

4. **Mountain Regional Water** (as supplemental/emergency supply)

- Water from Bobcat Spring is no longer used.
- In 2025, approximately 220,000 gallons were purchased from Mountain Regional, mainly during high-demand periods (e.g., July 4, July 24, Memorial Day, Labor Day).
- The Mountain Regional connection remains an important backup and supply.
- A water-sharing agreement is in place with Mountain Regional: Pine Meadow Mutual Water (PMW) serves a few Stagecoach lots, and in return, Mountain Regional supports Pine Meadow when needed.
- Brody noted well production was approximately **32 gallons per minute**, sufficient with supplemental sourcing. Meter usage increased seasonally from around **123** active meters to **190** or more as full-time residency increased.

Long-term Water Agreement with Mountain Regional

Mr. Eric Cylvick provided a comprehensive update regarding the Water Company's current relationship with Mountain Regional Water and ongoing planning efforts to secure long-term water reliability. At present, the company has an emergency-use agreement with Mountain

Regional, which allows for supplemental water purchases during periods of high demand. However, the board is actively negotiating a new long-term water agreement intended to formalize usage parameters, define responsibilities, and establish trigger points for future upgrades or annexation. Mr. Cylvick noted the goal is to finalize this agreement by early 2026.

He explained that the long-term solution for the Pine Meadow Mutual Water Company (PMW) water supply must include Mountain Regional, as current well production (approximately 30–32 gallons per minute) is insufficient to meet projected full build-out and increased seasonal demand. The Water Company was fortunate to connect to Mountain Regional several years ago after that utility took over the Stagecoach Estates system. Stagecoach residents were assessed \$32,000 per lot, which funded a complete system overhaul, including new trenches, lines, and easements. After Mountain Regional gained full control of that system, Pine Meadow negotiated a direct connection via a 1,400-foot line—avoiding the need to deal with Stagecoach directly. In exchange for providing fire flow to Mountain Regional’s upper Stagecoach lots, PMW secured ongoing water access, creating a mutually beneficial arrangement.

The board acknowledged that increased full-time residency and part-time rentals have elevated overall water use. As a result, having a reliable backup source—especially during peak weekends such as July 4th or Labor Day—is critical. While annexation into Mountain Regional is not anticipated in the short term, it is expected to occur within the next 15 to 20 years. The board is currently working to define financial and operational thresholds that would help determine when such a transition becomes necessary.

Brody Blonquist offered background context, explaining that Mountain Regional is a Summit County-run special service district and one of the largest water providers in Western Summit County. They serve numerous communities, including Red Hawk, Glenwild, the Preserve, Summit Park, Promontory, and Stagecoach Estates. Their water sources include high-quality wells at the Preserve, which require only chlorination, and Rockport Reservoir, which is treated through a dedicated plant.

Mr. Cylvick also recounted the board’s past challenges with Mountain Regional. A former general manager had attempted to force Pine Meadow into annexation, resulting in staff uncertainty and the temporary resignation of a key employee. That annexation effort ultimately collapsed after a leadership change, allowing PMW to renegotiate a favorable agreement. To support that negotiation, the board authorized a \$75,000 engineering study conducted by Bowen Collins to evaluate the existing water system. The study revealed minimal deficiencies—only one recommended improvement project (estimated at \$80,000), which was already part of the company’s capital plan. Compared to other systems that required millions in upgrades, the PMW infrastructure was deemed exceptionally sound.

Finally, Brody reported that the water system currently includes 28 miles of mainline pipeline, not counting service connections. The overall system is in excellent condition and, thanks to strategic planning and investments, PMW is well-prepared to support the community's growth in both the near and long-term future.

New Fine, Annexation increase, Approved Assessment Schedule

Brody Blonquist noted that the proposed fine for unauthorized outside water usage had already been approved by the board in a prior meeting. The intention at this annual meeting was to formally approve the fine in front of the membership so it could be added to the official assessment schedule.

MOTION: Eric Cylvick made a motion to approve a **\$250 fine per violation** for any outside watering usage that violates company policies.

SECOND: The motion was seconded by George Sears.

VOTE: The motion was approved unanimously.

Following this, Mr. Cylvick addressed the annual annexation fee adjustment. Each year, the board **increases the annexation fee** by the equivalent of one standby assessment (currently \$770) to ensure fairness for non-HOA property owners who later choose to join the water system. This approach accounts for the fact that existing members have paid into the water system over time to support infrastructure and operations.

MOTION: Eric Cylvick made a motion to increase the annexation fee by one standby assessment, raising the total annexation amount from \$24,208 to \$24,978.

SECOND: The motion was seconded by Scott Smith.

VOTE: The motion was approved unanimously.

Finally, the board reviewed and approved the updated assessment schedule. Carol explained that formal approval is important for legal documentation purposes, especially in the event of future legal challenges. The only changes to the assessment schedule were the inclusion of the newly adopted \$250 fine for outside watering violations and the increase in annexation.

MOTION: Eric Cylvick made a motion to approve the updated schedule with the adopted \$250 Fine for outside watering violations and the annual increase by \$770 for annexation.

SECOND: The motion was seconded by George Sears.

VOTE: The motion was approved unanimously.

Election Update

Carol stated that the elections were unopposed:

- **Shaun Baker** is running for a part-time board position
- **Eric Cylvick** is running for a full-time board position, and each had received approximately 10 votes, with Carol confirming that multiple votes came from immediate family members as multiple lot owners.

HISTORICAL BACKGROUND of Pine Meadow Mutual Water Company

Mr. George Sears shared historical context from when he served as President of the Water Company, regarding early challenges the Water Company faced in transitioning from a seasonal to a year-round water system. He recalled complaints from full-time residents at the time who were unable to get sufficient water, often relying on tanks that would run dry halfway through winter. Mr. Sears clarified that these issues were not due to mismanagement by the Water Company, but rather the result of how the system was originally designed—for seasonal, part-time use only.

Mr. Cylvick elaborated that the board did not undertake year-round water upgrades solely to accommodate full-time residents. Instead, the board conducted a value-of-money analysis comparing the long-term cost of following the original 30-year master plan versus accelerating infrastructure upgrades. The projection showed that if the company waited to do the projects gradually, costs would rise from approximately \$7 million to more than \$14 million due to inflation and recurring repair needs. Moreover, by the time they reached the end of the original project timeline, they would have needed to start redoing work on earlier segments. This prompted the board, with support from Brody Blonquist, to secure two major loans totaling \$6.7 million, enabling the company to complete all critical infrastructure upgrades within a five- to six-year period rather than over decades.

Mr. Sears noted that the County originally gave the HOA and Water Company a 20-year master plan mandate when the special service district was dissolved. Thanks to aggressive planning and funding, the board completed this work well ahead of schedule. Mr. Cylvick explained that before the loans, the company spent \$225,000 annually to rebury shallow lines (just 12 inches deep), only to have them fail again. Most of these lines were 2- or 4-inch pipes, not designed for modern or year-round use. Brody added that this repetitive spending was inefficient and unsustainable. When hired, he told the board he would not continue overseeing redundant work with no long-term value.

In a lighthearted anecdote, Brody recalled that in the final year before loan-funded reconstruction began, they decided to leave the system running through the winter just to observe where it would freeze and fail, knowing the entire system would be replaced in spring.

Mr. Cylvick noted that the \$312,000 currently used to service the loan debt is comparable to what was previously being spent on repairs and is now building lasting infrastructure instead. The board also paid around \$75,000 annually to outside contractors for winter system support before having in-house equipment and manpower.

Carol and other board members acknowledged that securing favorable 3% loan terms was a major win, thanks in part to strategic negotiations. Mr. Cylvick credited George Sears for his long-standing leadership and historical knowledge. Mr. Sears was instrumental during the County's disbanding of the special service district in 1999 and played a key role in establishing both the PMRHOA and the Water Company with legal counsel. He currently serves as the President of the Pine Meadow Ranch HOA and fills the designated appointed HOA seat on the Water Board.

Clarification on \$250 Water Use Violation Fine.

In response to a shareholder (PI-F-66) question, Mr. Cylvick and Brody clarified what activities regarding the new \$250 per violation fine for outside water usage would cover. Brody explained that the fine targets are egregious or repeated misuse, such as unauthorized outdoor sprinklers running for hours or excessive construction-related water use. The Water Company uses meter trend alerts that notify Brody of continuous water usage over four hours, helping him identify possible violations or leaks. Brody emphasized that reasonable uses, such as filling hot tubs or pressure washing homes before staining, are not targeted unless they're excessive or clearly abusive.

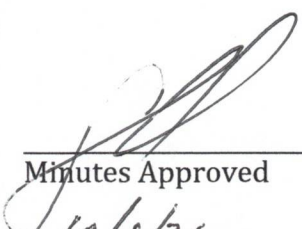
Construction water use was flagged as a growing concern, with Brody noting that this topic would be addressed in greater detail at the next regular board meeting. He stated that some part-time rental properties have begun irrigating lawns inappropriately, which the system is not designed to support.

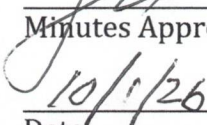
System Efficiency and Leak Detection

The shareholder (PI-F-66) asked whether the meter alert system is also used to identify leaks. Brody confirmed that it is and reported that the current water loss in the system is about 5 gallons per minute overnight, across 28 miles of mainline and 500 connections. This is considered exceptionally low by industry standards. However, Brody noted that automation in modern homes (e.g., dishwashers or washing machines running at midnight) makes leak detection slightly more challenging. Additionally, he clarified that he does not monitor Stagecoach's system directly, so any data referenced is exclusive to Pine Meadow use.

Mr. Cylvick thanked the board members and shareholders for their attendance and asked if there was any other business to conduct. Mr. Cylvick then moved to adjourn the Pine Meadow Mutual Water Company Annual Board Meeting at 7:16 PM.

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Annual Board Meeting
October 2, 2025
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Minutes Approved

Date

10/1/26