



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

For Fiscal Year October 1, 2018 – September 30, 2019

(Meeting to be held September 20, 2019)

TO ALL PINE MOUNTAINS SHAREHOLDERS:

Notice is hereby given the **Annual Meeting** of Shareholders for fiscal year 2019 of Pine Mountains Water and Management Inc., a Utah non-profit Corporation, will be held **Friday, September 20, 2019, at 7:00 PM** at the **KAMAS CITY HALL, 170 North Main Street, Kamas, Utah 84036** (Please note the change in location from last year). The purpose of the meeting is to:

1. Update shareholders on Pine Mountains' past activities, future planning, current financial status and present the fiscal 2020 Budget (see attached financial statements).
2. Elect four, 2-year members to the Board of Trustees. Three incumbents have volunteered to be candidates: Mark Memmott, Brad Peacock and Merrill Ross. Additionally, 3 other property owners, Josh Hollingshead, William "Bill" Rawson, Brent Wilde and Jim (James) Lolley have also volunteered to be candidates. Write-ins are accepted and nominations will remain open until the election at the Annual Meeting.
3. Approve the Annual Assessment for the fiscal year 2020 that provides necessary funds for the operation, maintenance and capital improvements for the Pine Mountains community while maintaining reasonable contingency reserves. **The Board recommends retaining the same Annual Assessment level that was approved last year: \$300 per year, for shares available for water service (lots) and \$450 per year, for shares with full water service (cabins).**
4. Address such other business as may be requested to come before the membership through written notification from the shareholders. **Topics will be considered for discussion at the Annual Meeting only if they are presented in writing by September 15, 2019, to the address in the next paragraph.**

IMPORTANT: Shareholders who cannot attend the Annual Meeting should remit a proxy form prior to the date of the Annual Meeting in order to provide for a quorum. There are two convenient ways to submit your proxy. Please use only one of the two alternatives.

- 1. Complete the enclosed proxy form (page14) and mail to: Mr. Gaylen Atkinson Election Committee Chairperson 1193 Michaelsen Way, West Jordan, Utah 84088. It must arrive prior to September 15, 2018.***
- 2. Alternatively, you can submit your proxy form electronically. You will receive an email that has a link to the electronic proxy form. Merely click on the link, complete the proxy online and click on "Submit." This option must also be completed prior to September 15, 2019.***

You always have the option to vote in person at the Annual Meeting. Please do not submit more than one vote per lot owner. Your vote is very important to the operation of the Pine Mountains community, so make sure you participate in the voting process!

This notice is posted and this proxy is solicited on behalf of the Board of Trustees of Pine Mountains Water and Management Inc.

*By: Brad Peacock President
September 1, 2019*



ANNUAL REPORT TO SHAREHOLDERS

Dear Pine Mountains Shareholder:

Another great year at Pine Mountain has gone by since our September 2018 Annual Meeting. The Pine Mountains community has been very fortunate to sustain a quality mountain environment with reliable amenities and infrastructure that is important to all property owners. The past twelve months have reflected a shift in primary focus back to the road system while still upgrading the water system, all in addition to routine maintenance. Here is an overview of issues that we believe are important to you as a property owner.

Water System

We have continued our long-term strategy of requiring owners to install shut-off valves and meter boxes on their property. The approach has been to initiate this when a property changes hands or when there is a need to perform any water line repair work. The property owner pays \$1,800, which approximates the actual cost of the install. We completed eight (8) installations this past year. Well number 2 finally wore out and had to be replaced just before the July 4th holiday. The Well water pump, motor and the entire discharge pipe had to be replaced at a cost of \$12,367.25. The Well was back up and running by July 4th.

SECURITY CAMERAS

Security Cameras have been installed at the West and East gate areas now for about 2 years and are proving very helpful to determine those that leave our gates open. The cameras operate around the clock, 24/7 365 days per year. Please remember to close the gates each and every time you come in or go out of Pine Mountains. If you find a gate open, please notify Darin Ross at darin.ross77@gmail.com of the date and approx. time you found the gate open. This helps in reviewing the security system cameras and helps limit the amount of time Darin has to spend in reviewing footage on the system. Avoid the fines.

Road System

We have returned to our long-term strategy of improving our road system with asphalt. The approach has been to use residual funds from our annual assessments that may be available after mandatory maintenance and retention of contingency reserves. This year the East side road paving was almost completed. Asphalt has been placed on the following roads: Lower Ashley Drive, Ashley Court, Kaibab East and West and Uncompahgre this will leave a few dead end streets to be paved next year which will complete all main roads in Pine Mountains. .

The East and West Winter parking areas have been upgraded as well and we ask all members to review the parking maps attached to this annual report to see where “Winter Parking” for cars, pickup trucks, with and without trailers should park. We have also set aside a separate parking area for ATV, UTV and Snowmobiles to better utilize our parking areas. The Board is trying very hard to provide as much parking in the paved area as possible so we ask all members to adhere to the parking plan as presented. Please adhere to the signage and only park cars and trucks that are not attached to trailers in this area. Pickup trucks with trailers attached are required to park in the Burn Pile area. NO EXCEPTIONS. If we are to provide enough parking for busy Holiday weekends we must adhere to this policy.

FIRE!!!!!!

We encourage everyone to take care with sparks, avoid chain saws hitting rocks and causing sparks that can ignite a fire. Unfortunately, Pine Mountains could easily fall prey to a disastrous fire if we do not follow common-sense “fire wise” actions: **(1) no open fires; (2) no fireworks; (3) remove all deadfall and red trees; (4) strategically thin and limb trees; (5) clear defensible space around all structures; and (6) clean chimney pipes regularly.** We are sorry to be so repetitive, but this is a very serious issue that requires all of our attention! Associated with this issue, you need to be aware it is likely we will be closing the “burn pile” access for the season on October 31, 2019, which will impact (3), (4) and (5) above. We do want to thank all of members who are providing “Defensible Space” around their cabins.

Board Positions

Pine Mountains now has an Election Committee (separate from the Board) that will help administer the process of obtaining volunteers for candidacy to become a Board member. Gaylen Atkinson, lot 222, is the Election Committee Chair person. His email is gvatkinson@hotmail.com. Anyone wishing to be considered for a Board position can contact him for details.

This brings us to the election of four members to the Board for a 2-year term. Incumbents: Mark Memmott, Brad Peacock and Merrill Ross have agreed to run for re-election. Additionally, four others property owners Josh Hollingshead, William “Bill” Rawson, Brent Wilde and Jim (James) Lolley have volunteered and would like to run for a position on the Board.

Josh Hollingshead has worked at various positions in the service industry. Most recently he heads the culinary department of a national food service consulting company. He is also on the Upper Weber Canyon Property Owner’s Association. He and the family live full time in Pine Mountains.

Bill Rawson, Bill has been part of a family cabin for over 35 years. Bill and his wife Paula built a new cabin on Shingle Mill Drive in 2014. Bill sold his business in 2014 and is now trying his hand at retirement. Bill was President/CEO of Cardwell Distributing, Inc. Cardwell Distributing is a Multi-State Petroleum Distributor. Bill was a member of the Western Petroleum Marketers Association Board from 1979-1990 Bill has served on a number of committees and Marketing Boards over a numbers of years. Bill and the family are spending a lot of time at Pine Mountains now and he feels he would like to help if elected.

Brent Wilde, Brent’s family has had a cabin in Pine Mountains for over 15 years. Brent’s professional background has been municipal community development. He spent most of his career as an employee of Salt Lake City Corporation, in various management positions in Community Development Department. He worked for Provo City as their City Planning Director for the last six years of his career. He is now retired and enjoys spending as much time as he can at Pine Mountains.

James Lolley, James and his wife, Dana, are full time residents of Pine Mountain. They reside at 611 Conifer with their new daughter. Shortly after moving in to PM in October 2018, they opened their own landscape and property business. Jim works at Elk Meadows Senior Living and Memory Care in Oakley as the Community Relations Director and Executive Director in Training. Jim served in the Marines and in Law Enforcement as an Alaska State Trooper. If elected Jim hopes to represent the full-time members as well as the entire community

as a whole. Jim has and does help out with Security on the busy Holidays to help keep Pine Mountain a safe and enjoyable place for all of us to come to and enjoy.

Conclusion

Don't forget the Annual Meeting of the Association is 7:00 pm on Friday, September 20, 2019 at the **Kamas City Hall, 170 North Main Street, Kamas, Utah 84036** We look forward to seeing you there and visiting about important aspects of maintaining our mountain community. If you are unable to attend please submit your proxy either by mail or the online process described in this letter. Voting must take place prior to September 15, 2019 unless you are voting in person at the meeting.

*On Behalf of the Board
Brad Peacock, President
September 1, 2019*

Brad Peacock, President	435-783-7796	435-640-7444	bradannap@gmail.com
Mark Memmott VP	801-942-4830	801-580-1112	markmemmott@msn.com
Bob Hart VP	801-969-6709	801-597-0440	Maybob38@gmail.com
Merrill Ross Treasurer	801-580-4724	435-783-7561	Merrillr9197@gmail.com
Trudy Nielsen Secretary	801-372-8983		trudynielsen@gmail.com
Blake Nielsen Trustee	801-380-8256		newm0624@gmail.com
Darin Ross Trustee	435-783-4617	801-598-3757	darin.ross77@gmail.com

**PINE MOUNTAINS WATER AND MANAGEMENT INC.
STATEMENT OF RECEIPTS & DISBURSEMENTS**

(Note 1)

	Twelve Months Ended		2020 Budget
	July 31, 2018	July 31, 2019	
RECEIPTS:			
Annual assessments (Notes 2 & 6)	\$ 194,648	\$ 194,399	\$ 201,000
Water connections & turnoff (Note 3)	26,185	14,600	19,000
Interest & penalties (Note 4)	2,429	1,354	1,000
Miscellaneous income (Note 5)	4,115	5,000	4,343
Total Receipts	227,377	215,353	225,343
DISBURSEMENTS:			
Operating Expenses -			
Payroll (Note 6)	27,342	29,770	32,000
Insurance (Note 7)	6,646	8,034	10,000
Utilities (Note 8)	18,608	19,304	21,000
Office expenses (Note 9)	1,870	1,954	2,000
General maintenance (Note 10)	11,895	17,239	24,000
Equipment repairs & maintenance (Note 10)	2,836	2,706	3,800
Security (Note 11)	36	27	1,000
Snow removal (Note 12)	4,810	10,960	9,000
Travel expenses (Note 13)	829	728	1,500
Payroll taxes (Note 6)	1,408	1,464	2,240
Property taxes (Note 14)	5,358	5,421	6,000
Water connections (Note 3)	17,060	24,027	14,640
Legal & professional fees (Note 15)	1,583	1,928	2,000
Other (Note 16)	310	210	400
Total Operating Expenses	100,591	123,772	129,580
Capital Expenditures (Notes 17 & 18)	78,177	21,005	
Dedicate to Capital Expenditures, Maintenance Expense and Contingency Reserves (Note 18)	-0-	-0-	95,763
Total Disbursements and Reserves	179,078	144,777	225,343

RECEIPTS IN EXCESS OF DISBURSEMENTS & RESERVES (Note 19)	48,299	\$70,576	\$ -0-
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Refer to Accompanying Footnotes

**PINE MOUNTAINS WATER AND MANAGEMENT INC.
BALANCE SHEET**

(Note 17)

	July 31, 2018	July 31, 2019
ASSETS:		
Current Assets -		
Cash in Bank Accounts (Note 19)	347,109	420,659
Fixed Assets -		
Property, Water System, Roads, Equipment, Water Shares and Water System Parts Inventory, at original cost	1,422,710	1,516,711
Accumulated Depreciation	-331,115	-426,197)
Net	1,091,595	1,090,514
TOTAL ASSETS	1,438,704	1,546,214
LIABILITIES AND EQUITY:		
Current Liabilities -		
Payroll Taxes (Note 6)	276	276
Property Taxes (Note 14)	5,050	5,324
Total Current Liabilities	5,326	5,600
Equity -		
Capital Stock	365,419	365,419
Additional Paid-In Capital & Retained Earnings	1,062,633	1,175,195
Total Equity	1,438,704	1,546,214
	\$1,438,704	1,546,214

Refer to Accompanying Footnotes

**PINE MOUNTAINS WATER AND MANAGEMENT INC.
NOTES TO STATEMENT OF RECEIPTS & DISBURSEMENTS**

Note 1 – General Information

Pine Mountains Water and Management Inc. (“Pine Mountains”) is a non-profit corporation that exists for the ownership and maintenance of common facilities (primarily water systems, roads, buildings, equipment and common real estate) for the community also known as Pine Mountains. The company is managed by a Board of Trustees (“Board”) consisting of seven members who, as of this report date are: Brad Peacock, President; Mark Memmott Vice President, Bob Hart, Vice President; Merrill Ross, Treasurer; Trudy Nielsen, Secretary and Trustees, Darin Ross and Blake Nielsen.

The Board generally holds eleven formal meetings during the fiscal year of Pine Mountains, or on an as-needed basis. The Board is actively involved in the day-to-day management of Pine Mountains’ facilities and operations.

The fiscal year of Pine Mountains is every twelve months ending September 30. However, the Statement of Receipts and Disbursements has been prepared to reflect the twelve months ended July 31, 2018 and 2019, due to the timing of the annual shareholders meeting. The amounts presented for the 2020 Budget reflect estimates for the projected twelve months ending September 30, 2020, and is expected to be approved by the Board at the October 2019 meeting. This Shareholders’ Report is prepared on a cash basis, except for certain standing accruals (payroll taxes and property taxes) and adding unpaid work credits to payroll expense.

Note 2 – Annual Assessments

There are two categories of annual assessments for Pine Mountains designed to cover operation and maintenance, general capital expenditures and reserves for contingencies; one for lots available for water service and one for full water service, primarily where cabins have been constructed or initiated. The annual assessments for lots and cabins were increased upon September 2014 shareholder approval to \$300 and \$450, respectively, and the due date is October 15. As of August 1, 2018, there were 146 vacant lots and 349 lots with cabins at Pine Mountains. The revenue projection for the 2020 Budget reflects 146 lots at \$300, plus 349 cabins at \$450 for a total of \$201,000 (**before deduction of any work credits**), representing all 495 lots on the water system. As of August 1, 2020, unpaid annual assessments, costs for water meter upgrades and/or fines amounted to \$1,719.99+ from 1 property owner and a lien has been filed on that applicable property.

Note 3 – Water Connections and Turnoff

New water hookups are charged a one-time Impact Fee intended to cover primarily costs of installing water hookups for new services and transition the cost of facilities already in place, inclusive of roads. Such fee was \$6,000 from July 15, 2015 through July 15, 2017, when it was increased to \$8,000. Additionally, this line item includes reimbursement from property owners (\$18,185 for 2018 and \$16,200 for 2019) for water meter box upgrades as Pine Mountains works toward bringing its water system up to date. A fee related to water turnoff and water reconnection is charged at \$100 per event when an owner fails to pay their annual assessment. The actual cost incurred in completing all water connections and reconnections is reflected in disbursements (“Water connections”) at prevailing rates charged by contractors. The 2020 Budget projects one new cabin construction-

starts next year at the \$8,000 Impact Fee and potentially two water turnoff penalties of \$100 each. And six (6) water upgrades at \$1,800. However, as indicated by past experience, new cabin starts and any turnoff penalties can vary significantly.

Note 4 – Interest & Penalties

The majority of interest income comes from investing discretionary funds in the safest medium available. At any point in time this can include savings accounts, money market accounts and short-term certificates of deposit at prevailing interest rates. Also, penalties are charged for nonpayment of annual assessments amounting to an 18% annual rate after a 15-day grace period from the due date. A \$25 fee is charged for any returned checks due to insufficient funds. The periods presented and the 2020 Budget all reflect market rates available for interest bearing accounts holding funds that are not needed for current operations. Interest rates are still low, which accounts for the nominal budget level for 2020.

Note 5 – Miscellaneous Income

Miscellaneous income consists primarily of water certificate issuance and transfer fees, trailer park fees, penalties and sales of gate keys. A fine of \$75 is charged for violation of Pine Mountains' Rules and can be assessed for each day the violation exists (if unpaid, a lien against the applicable property can be filed).

In the summer of 2019 we started charging a fee for anyone using the pasture for housing of their horses during the summer months. Rates for next year will be: \$35.00 per month per head for anyone who would like to leave horses in the pasture July-September. The cost will be \$2.00 per day per head for short term use of the corrals.

Locks and keys to Pine Mountains' entrances and fire equipment houses were replaced in the summer of 2011. Owners could exchange their existing keys for new keys at a cost of \$5. Additional keys are sold to owners for \$25 each and the amounts received are reflected in "Miscellaneous Income." The cost to purchase new locks and keys is presented as a disbursement in "General Maintenance." The 2020 Budget merely reflects a similar level as 2019.

Note 6 – Payroll

Pine Mountains does not maintain a full-time, salaried manager and related staff for the operation and maintenance of the water system, roads and other Pine Mountains' facilities. Instead, Pine Mountains utilizes a work credit system wherein documented and authorized time is currently reimbursed at the following rates per hour worked: President, Vice President and Treasurer \$16, Board members and other Officers \$13; Security \$9; and work party participants and other general services provided by property owners \$8.

Such amounts are payable first as an offset to the annual assessment and any balance is paid in cash. Legally required payroll taxes are also deducted and the equivalent employer share is reflected herein as "Payroll Taxes." Workers Compensation Insurance is required, the cost of which is included in disbursements under "Insurance."

All annual assessments are reflected in the accompanying statements as receipts on a gross basis and any related credits are reflected as a disbursement in "Payroll" for traditional work credits, as "Security" in the case of patrolling, or as "Legal & Professional Fees" in the case of legal services. Credits, inclusive of cash payments, for the twelve months ended July 31, 2019 were authorized to 49 lot owners, with the highest five in aggregate dollar amount (reflected as payroll expense) being paid to the following: Merrill Ross \$5,464; Bob Hart \$3,760; Mark Memmott \$3,728; Darin Ross \$1,170 and Jim, Peacock \$ 1,118

Note 7 – Insurance

Pine Mountains maintains insurance coverage (obtained on a periodic competitive quote basis) at premiums that currently are running approximately \$3,527.40 for commercial liability, \$1,856 for directors' and officers' liability and \$679.40 for Workers' Compensation Insurance (all totaling \$6,062.80).

Note 8 – Utilities

Pine Mountains requires significant electrical power to run pumps for the water system and security lights at entrance gates. Also, a telephone is located at the East and West gate, pump houses, maintenance building and Pine Mountains has one cell phone. Disbursements reflect billings by Rocky Mountain Power, All West Communications and telephone reimbursement provided to Board members for conducting Pine Mountains business. In addition to utility company rate increases, cabin usage by Pine Mountains' property owners has been consistently high, impacting run time for water pumps and consequently the overall level of electricity cost.

Note 9 – Office Expenses

Office expenses are primarily: postage, copying costs, computer supplies, software updates, paper, envelopes, stationary, records maintenance and other administrative costs.

Note 10 – Repairs and Maintenance

Pine Mountains incurs costs annually for the materials and services involved in maintaining and repairing fences, roads, pumps, water lines and connections, general cleanup, picnic ground, trailer park area, burn pile, owned buildings, truck, backhoe, fire pumper truck, snow cat groomer, ATV and miscellaneous equipment. Where utilization of Pine Mountains' owners is not feasible for the labor involved in maintaining and repairing Pine Mountains' facilities, outside contractors are hired on an as-needed basis at market rates. General Maintenance detail includes the following:

Description	2018	2019
Work and materials related to water system, including testing (non-capitalized)	\$1,805	1,429.
Annual assessment for Weber Basin and Smith & Morehouse water shares	5,101	5,295
Shareholder communication	940	935
Road work (includes road base, haulage and other contractor costs; non-capitalized)	384	1,010
Propane (Timing of tank fill varies)	676	1,042
Diesel and gasoline	860	1,413
Gate key replacements and locks	1204	1,073
Miscellaneous facility repairs, materials and supplies	6,371	4,276
Total General Maintenance This includes repairs to the snow groomer	17,341	\$18,272

The 2020 Budget reflects the Board's intent to contain routine maintenance projects to \$24,000 plus equipment maintenance at \$3,800 and apply any residual operating funds to capital expenditures for a combination of water system enhancements (primarily pressure relief valves) and asphalt pavement on Pine Mountains' road system. This strategy assumes no incurrence of an event that would critically impact Pine Mountains' water system or

other facilities and amenities that would require immediate attention. Refer to Note 18 for future capital and major maintenance projects.

Note 11- Security

Formal security patrolling was undertaken on a work credit basis by Board & PM members this past fiscal year. However, the 2020 Budget reflects \$1,000 for possible patrolling on certain high usage weekends.

Note 12 – Snow Removal and Grooming

During the periods presented, Pine Mountains hired a third party for plowing snow in the overflow parking near the East gate and a portion of the lots by the burn pile and barn near the West gate. (The snow plowing adjacent to the privately owned garages on the East and West is the responsibility of the respective property owners). The cost is on a “per push” basis and, therefore, varies with the severity of the winter season. The fiscal 2020 Budget is just a little higher than the 2019 budget level. In 2005 Pine Mountains purchased a used groomer and performs grooming activities through use of Board members, the labor for which is included in “Payroll.”

Note 13 – Travel Expenses

Board members are reimbursed for reasonable expenses to attend outside functions primarily related to the proper certification and maintenance of the water system. Personal vehicle use for such functions or other official Pine Mountains business is reimbursed at 58 cents per mile.

Note 14 – Property Taxes

Pine Mountains pays taxes to Summit County for the real property owned (see Note 17). Although Pine Mountains’ property does not qualify for green belt status, it still falls into a category that is taxed at a reduced rate. Property taxes also include a personal property tax on the water system. The 2020 Budget reflects nearly the same tax level as the prior year’s assessment. Plus an estimated amount for the South Summit Fire District increase that is approximately 149% increase that was approved last Dec at the SSFD headquarters in Oakley, Utah.

Note 15 – Legal & Professional Fees

Pine Mountains occasionally requires legal assistance for real estate transactions, settlement agreements, special issues and collection assistance. There has been success in obtaining such services at no cost or less than market rates through a former Pine Mountains property owner. An annual review of Pine Mountains’ financial records is performed by an independent accounting firm, primarily for completion of the non-profit corporate income tax return at fees of \$2,000.

Note 16 – Other Operating Expenses

Other operating expenses individually are nominal dollar amounts expended, primarily for bacteria and mineral analysis fees on the water system, dues and assessments related to water association activities, website maintenance and miscellaneous recording fees. Pine Mountains is a member of the Rural Water Association of Utah, which is affiliated with the National Rural Water Association. This organization provides Pine Mountains with technical training and hands-on assistance in the operation of the water system. Four Board members, Mark Memmott, Bob Hart, Brad Peacock and Darin Ross are currently certified as water system operators through the state of Utah - Department of Environmental Quality, Division of Drinking Water (additionally, one non-Board member resident is certified).

Note 17 – Balance Sheet and Summary of Assets

Pine Mountains has taken advantage of opportunities to secure real property for the protection of the water system and for maximizing open common space. In addition, Pine Mountains owns certain heavy equipment and miscellaneous small equipment that is important to the maintenance of Pine Mountains' facilities. Capital expenditures for fiscal 2018 and 2019 amounted to \$88,688 and \$21,005 respectively, and relate primarily to asphalt applications on Pine Mountains' roads and certain water system upgrades. A summary of major assets, at original cost, as of July 31, 2019, follows:

Description	Original Cost
Original water system, plus 700 Smith & Morehouse water shares (restated estimate)	\$ 163,000
Water storage tank addition – 350,000 gallons	162,576
Dry farm – 24.07 acres by upper Brooklawn	48,000
Timber land – 292.05 acres	43,870
Acreage above wells – 14.6 acres	16,570
Acreage adjacent to highway – 6.62 acres	20,000
Smith & Morehouse water stock – 200 shares	30,000
Ranch house property and adjacent land	10,000
Barn, corral and adjacent land	10,500
Water system upgrades	211,841
Maintenance building	191,611
Parking development	15,133
Backhoe	33,000
Road upgrades (asphalt certain sections, rotomill and logging road improvement)	499,136
Diesel and gasoline fuel tanks	12,532
Snow groomer	18,089
Pickup truck	15,622
Fire pumper truck	6,000
Computer and printer	1,853
Miscellaneous tools and equipment	8,234
Average inventory of water system parts	9,725
ATV and snowmobile	2,300
Total	1,546,214

The financial records for Pine Mountains are kept primarily on a cash basis, except for retaining certain static accruals for payroll and property taxes. However, the accompanying balance sheet does not reflect all accrual entries that would be required by generally accepted accounting principles. Accumulated depreciation and updating of fixed assets are recorded once a year after the preparation of the annual tax return filing.

Note 18 – Future Capital and Maintenance Projects

The following summary provides an overview of the major maintenance and capital projects the Board is using to prioritize funds beyond that required for normal operations and contingency reserves. Although progress is

being made on major enhancements to the water and road systems, the availability of residual funds is still limiting the pace at which other projects or capital additions can be accomplished.

Description	Estimated Cost (B)
Upgrade water system – one pressure relief valves and valve boxes	\$ 30,000
Road system upgrades (asphalt application and road base)	75,000
Purchase a ¾ Ton used pickup for towing a trailer	25,000
Purchase a Tilting dumping trailer	12,000
Purchase a used Skid Steer loader	27,000
Install water treatment facility when required by water regulations	(A)
Develop sampling station for spring	(A)
Move picnic area to the pasture & tennis court area	(A)
Purchase land for open space if it becomes available	(A)
Install a new Water Storage Tank for the East Top End Shingle Mill area	(A)
Purchase back-up generator for power to water system	(A)
Continue program of installing shut-off valves, plus meter boxes	(B)
Replace 6 old style fire hydrants Approx. \$6,500.00ea.	39,000
Total of items where costs have been identified	\$ 208,000

(A) No cost estimates have been developed

(B) Ongoing effort: owner pays \$1,800.00, which approximates cost to install so, no significant impact to the Association.

The Board will pursue all necessary capital and major maintenance projects, recognizing the most opportune time that incurs the least cost. It is the intent of the Board to reserve excess funds from operation of fiscal 2019, combined with any carryover cash from previous periods, and apply toward a careful prioritization of the projects identified above or new projects important to Pine Mountains.

Note 19 – Cash

All cash accounts are federally insured and maintained at branch banks in Salt Lake City. Available cash at July 31, 2019 amounted to \$420,785.11 (before consideration of any outstanding accounts payable). Such amount included Zions Checking \$13,222.98 Fortis Bank Checking \$7,187.72, Fortis Bank CD \$170,000.00, Fortis Bank savings \$1,011.19 and Zions Savings \$229,363.22 in savings at prevailing market interest rates. The Board has approved earmarking \$170,000 of available cash funds as an ongoing contingency reserve for emergency repairs.

The Board is committed to reserving funds available, after payment of operating expenses, toward a long-range plan of water system enhancements and the development or maintenance of facilities and roads that support such water system. It continues to be the plan to achieve this goal through management of revenues received from annual assessments and only incur debt if subsidized funding is available through agencies encouraging the development of water systems or if emergency repairs exceed the existing funds available. It is also the intent of the Board to prioritize maintenance and capital projects, where practical, to still allow for a reasonable level of cash reserves for contingencies, while funding major maintenance and capital projects on a cash basis.

PROXY

The undersigned hereby constitutes and appoints Bob Hart, Vice-President of Pine Mountains Water and Management Inc., with full power of substitution, to be the true and lawful attorney and proxy for the undersigned to vote at the Annual Meeting of the Shareholders of Pine Mountains Water and Management Inc. to be held at 7:00 p.m. on Friday, September 20, 2019, at the Kamas City Hall 170 North Main Street, Utah 84036 or at any adjournments thereof and at all subsequent meetings called to consider any of the same matters as set forth in the Notice of said meeting which is attached. Said proxy is hereby appointed and authorized to vote the shares the undersigned would be entitled to vote if personally present (unless otherwise instructed below) for any and all matters set forth in the said Notice of Meeting and any matters properly coming before the meeting. The undersigned revokes all other proxies relating to the shares covered hereby. The undersigned may withdraw this proxy and vote in person at the meeting. Only one vote is allowed for each share of Pine Mountains stock owned.

Please indicate your vote or choice on the following:

1. Elect four (4), two-year members to the Board of Trustees of Pine Mountains Water And Management Inc. **(Vote for the candidates listed or write in your choice below).**

Mark Memmott _____ Brad Peacock _____ Merrill Ross _____ Josh Hollingshead _____

William "Bill" Rawson _____ Brent Wilde _____ Jim Lolley _____

Write-ins: _____

2. To approve the Annual Assessment for the 2020 fiscal year. **The Board recommends Retaining the same level of assessment as approved last year at \$300 per share for Available water service (lots) and \$450 per share for full water service (cabins).**

_____ Yes _____ No (please specify)

Special instructions to proxies or special request for a topic to be discussed at the Annual Meeting, if any:

Date Signed _____ Lot Number(s) _____ Signed _____

(Note: If stock shares are in the name of more than one person, each should sign above)



Merrill Ross, Treasurer
9197 Trimble Creek Drive
West Jordan, Utah 84088

ADDRESS SERVICE REQUESTED