



Annual Shareholder Meeting Minutes  
April 26, 2016

The annual meeting of the shareholders of Summit Water Distribution Company was held at the Best Western Landmark Inn --- 6650 N. Landmark Drive, Park City, Utah 84098 --- on the 26<sup>th</sup> day of April, 2016, at 6:30 p.m.

PRESENT AND PARTICIPATING AT THE MEETING WERE:

Board and Staff Attendees: Bob Valentine (Vice-President/Board Member), Jerry Dearing (Board Member), Stuart Knowles (Board Member), Tammy Pettigrew (Board Member), Craig Pettigrew, Brody Saunders (Board Member), Andy Garland (President), Marian Blaser (Treasurer), Wayne Farr, Pam Farr, Laurel Simpson (Secretary), Tena Campbell, Justin Shaw, Mike Folkman, Albert Kende, Dave Fuller, Clayton Riding, Matt Rawlings, and Drake Sampson. All participating persons acknowledged that they could hear each other.

Other Attendees: Rick Grant, Keith Droste, Katherine Savage, Don Peterson, Annette Peterson, Mr. and Mrs. John E. Chambers Jr., Scott McCardle, P. Christian Hague, Roanne M. Mayer, Cory McNeely, Karen Culberson, Ralph Hottinger, Fran Amendola, David Alan Hoffenberg, Lawrence J. White, Erin Ferguson, Barry Heywood, Graham Gilbert, Marilyn Jensen, Theresa J. Jeff, Linda Talling, Fae Moore, Brian R. Roper, Sharon Kellner, Ashley Elliot, and Ross Varner.

A majority of shares in SWDC being represented by person or proxy and the meeting having been duly called, Andy Garland, President, announced that the meeting would proceed with the transaction of business at 6:30 p.m. Andy then confirmed that all present were accounted for on the attendance roster and that notice of the meeting had been properly received by those present.

1. Shareholder Management: Zions Bank

Earlier this year, SWDC enlisted the shareholder management services of Zions Bank. As part of this shift, SWDC shares have converted from certificated shares to book-entry shares. Zions Bank will handle all notice, proxies, and voting at this and future Annual Shareholder Meetings.

2. Review of the 2015 Annual Shareholder Meeting Minutes

The minutes of the 2015 Annual Shareholder Meeting were approved by the Board of Directors at the November 12, 2015 board meeting. The minutes were included with the notice for this meeting.

3. Report of Officers

- a. 2015 Audit: Justin Shaw issued an unqualified opinion and presented the draft audit report on SWDC's 2015 financials. He highlighted a few changes in 2015 including: all debt retired, new facility completed (fixed assets up and cash position down), rate increase reflected in accounts receivable, decrease in legal expenses, and SWDC is once again funding reserves. Once the draft is approved by the board, the final audit will be made available to interested shareholders.
- b. Conclusion of the Tax Appeal: On November 4, 2015, the Tax Commission made its conclusions of law for SWDC's appeal under Utah Code Sec. 59-2-1006 of the Final Order

of the Summit County Board of Equalization, which the County had issued on March 13, 2013. The Tax Commission concluded that the County's 2011 assessment was not a proper escaped real property assessment against the water distribution facilities either because the assessment was beyond the five year look back period for the years the County had assessed as real property or, because the County had assessed it as personal property for the years that were still within the five year look back period. The County's assessment, issued in August 2011, that the water purification facility is personal property was "appropriate but limited to five years back based on the look back period." The property was discovered in 2011, so the County may lawfully collect \$65,191.09, an escaped property assessment for the years 2006 through 2010. The board concluded it was in SWDC's interest not to appeal.

- c. Website Improvements: SWDC has updated the website and is in the process of posting relevant information and alerts to efficiently disseminate information to the shareholders.
- d. 2015 Infrastructure Issues and Improvements:
  - i. Allocation for Capital Improvements: The board approved allocating \$304,000.00 (remainder to cash) from the \$738,615.12 returned to SWDC following settlement of the Tax Commission case to various capital improvements.
  - ii. Meter Upgrades: Technology now allows for real-time meter reads accessible to both the water provider and consumer. The real-time reads support SWDC's conservation efforts by facilitating efficient leak detection and empowering the consumer to easily track trends in usage. SWDC currently has about 600 of these new meters installed and will continue to upgrade all capable meters.
  - iii. Yearly Production: SWDC currently has 4,374 equivalent residential connections. In 2105, SWDC produced 731,642,792 gallons of water.
  - iv. Leaks: The number of leaks per year is increasing and the associated costs per leak have ranged from \$4,000-\$15,000. SWDC's ability to efficiently identify and repair leaks has improved with the purchase of new equipment.
  - v. Upcoming Projects: This summer, SWDC will be relocating the Ranch Place Tank line. It was determined that the proximity of new construction to the line has created an unsafe situation. Also, 300 feet of the Jeremy Road line will be removed and replaced as a result of four recent leaks on that particular stretch of pipe.
  - vi. Anticipated Projects: Future changes to the Jeremy Ranch off-ramp design may affect approximately 1,600 feet of SWDC's pipe. SWDC anticipates replacing and relocating much of the pipe to align SWDC's system with the new design and prevent extremely expensive leaks in the future.

#### 4. Report of Committees

None to report.



5. Election of Directors

Brody Saunders's and Bob Valentine's terms on the Board of Directors expired at the Annual Shareholder meeting. Andy Garland accepted nominations from the floor to fill the seats. Ralph D. Hottinger was nominated but declined. Brody Saunders was nominated to fill the two-year seat and Bob Valentine was nominated to fill the six-year seat. There was a motion to elect Brody Saunders for the two-year seat and Bob Valentine for the six-year seat and make it unanimous with the majority in favor and two opposed, Fran Amendola and P. Christian Hague.

There being no further business, the April 26<sup>th</sup>, 2016 Annual Shareholder Meeting was adjourned at 7:55 p.m.

APPROVED BY:

  
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Andy Garland, President

Approved by the Board of Directors on the 7 day of JULY, 2016.

  
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Laurel Simpson, Secretary