

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- December 19, 2000, 3:30 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Tuesday, December 19, 2000, in the WSD Community Room. Secretary Dee Rothschiller and Directors Stewart Peacock, Packy Cronin, Dick Wiggins and Skip Radick were present. In the absence of President Jack Crowther and Vice-President Wendell Ingraham, Director Skip Radick chaired the meeting.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat, Grant Burroughs, and Marlene Kennedy; and Lone Peak Lookout writer Marcus Hibdon.

There being no public comment, Director Radick called the meeting to order at 3:42 pm.

**APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the November 21, 2000, regular meeting minutes as written. Director Cronin seconded the motion. Motion carried, 5 yea votes to 0 no votes.*

**FINANCIAL REPORT**

October Financial Reports: Dutton briefly reviewed the financials, reporting that funds have been transferred to the asset replacement fund.

*Director Rothschiller moved to accept the unaudited November financial reports as presented. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

Automatic Payment Options: Dutton reported that the automated and credit card payment options that he looked into are too pricey for our volume of accounts. For customers with local bank accounts, a bank draft can be set up. An e-mail statement option through our utility billing is now available for customers. Black Mountain will be contacted to work on providing both an e-mail and hard copy statement.

Electric Utility Provider Options: Dutton has checked into utility provider options, with other providers charging 50-60% more than we are now paying through MPC. The providers recommended not changing providers until deregulation occurs in July 2002. At this point, the District will stay with MPC. Director Rothschiller reported that the BSOA has an energy committee and recommended that Dutton keep in contact with that committee and possibly have the District join the committee for obtaining a lower community utility rate.

**OPERATOR REPORTS**

Sewer System Operations:

**Monthly Report**--Comparing flows from this time last year, Burroughs reported that mountain flows are higher and meadow flows are lower with the overall total flows down.

**Hot Tub Discharge Regulations--In** regards to the PIC refund for hot tubs at Crail Creek, Burroughs reported that John Heran from DEQ said that a discharge permit is not required as long as the water is not being discharged into state waters. Crail Creek hot tubs discharge to the ground, so a permit is not required and no regulations are being violated.

*Director Cronin moved to refund Crail Creek the plant investment charge of \$14,000 from August, 1997, which was paid on hot tubs that do not drain to the public sewer system. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

Water System Onerations:

**Annual Report--Muscat** distributed the flow reports noting that there is nothing to highlight. Muscat reported that they are working with Simkins on the water facilities plan. In regards to the Cascade system, Gaston is proposing the pilot be done at the booster station. Gaston still has not furnished the District with documentation on build out needs. Muscat has filed the water reports with DNRC. Aspen Groves water rights needs to be transferred to the District and Director Radick will sign the document prepared by Edwards.

**LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Snowmaking Edwards reported on the application for subdivision approval on the snowmaking site. HKM Bozeman office is working with Edwards to get the application approved. Once that is all done, a quit claim deed will be prepared for Boyne's signature.

Advanced Treatment Plant: Edwards reported that he has attended two meetings on the plant site land swap. Two zoning applications have been reviewed and approved by Big Sky/Gallatin Canyon Planning and Zoning Committee. However, the issue of creating a walking path, trail, etc. was discussed and Edwards said he would bring this issue to the Board for discussion. The applications now go to Gallatin County Commission for approval as a consent item. Edwards does not know if the proposed gated emergency access will be an issue. Once the commissioners approve the zoning change, the land swap can occur with a certificate of survey.

Lone Moose has expressed interest in obtaining the snowmaking site and consideration will be added to the agreement. For now, the District will reserve the land for a possible snowmaking site.

**YELLOWSTONE MOUNTAIN CLUB AGREEMENT**

Edwards recently attended two positive meetings with YC and engineers to figure out what a fair estimate for contribution towards their impact fees would be. The storage has increased from 100 million to 130 million gallons and additional irrigation has also been added. YC has agreed to going to vote with annexation. Our engineers have been working on a cost comparative to get to full build out with District obligations. Mike Wheat is working on the agreement that will include a way to secure the agreement with a performance bond or security. The PIC charges would get set aside, segregated, for improvements. Other than the Andesite water line in the spring, YC has not given us any timeframes. YC has two buildings in construction right now and they are maxed out with

their treatment system as is. Edwards will schedule a special board meeting to review the agreement and then do a follow up meeting to make decisions. The revised agreement will be prepared with the exhibits and given to the Board at least one week prior to the special meeting to be scheduled. The Board reiterated that the District approached YC with the initial storage and irrigation idea to solve the District's capacity situation. If and/or when this agreement is ready for signature, the Board wants it to be a press event. Once the agreement is signed, the District will need to enter into a contract with engineers for design and also proceed with an annexation vote, which will have an approximate 90-day timeline.

Director Radick praised the Lone Peak Lookout on the great job they have done at presenting both sides in their recent articles.

### **WATER FACILITIES PLAN**

Edwards reported that the Water Committee met on December 18. The Fire District has not provided flow numbers for what they will want. Westland TM is interested in working on water storage for their land. The option of only going with the Westland TM tank did not make a lot of sense. The possibility of up sizing the Hidden Village tank might work better and it would also serve Westland's 1st phase. The prorata share and cost will have to be looked at. District engineers have been asked to work with TDH (Westland's engineers) to computer model the entire system and figure out the best solution for the meadow system with both engineering firms agreeing on the solution. A committee meeting with the engineers is scheduled for Thursday. The legal counsel input and engineering information is needed before the District signs into any agreement with Westland TM. District water system improvements will proceed no matter what happens with Westland TM.

### **WATER METERING**

Edwards is working on an RFP for metering 278 single family residential homes and hopes to get the RFP done by the end of the year. The RFP will be written where the District has the option of retaining the plumber for metering condominium and commercial buildings if the District is happy with their work. About 100 meters were purchased and installed by Lone Mountain Springs, but the District does not know where they were installed. Once a contracted plumber is familiar with the area, the District will get their input on how to proceed with metering condominiums and commercial buildings. At a minimum, condominiums will be metered as a complex or building, and then have an option of being individually metered if they want to pay the cost. The Board wants condominium associations advised of their metering options so that the associations have time to make a decision. Once the District has a cost estimate plan, Edwards will write to the condominium associations. Edwards has asked Carl Anderson to again start working on rate setting. Edwards asked that the Water Committee meet with Carl Anderson in January to make a recommendation to the full board.

## **LEGAL ISSUES**

Powder Ridge Credit: Edwards reviewed the request from Boyne to use the 4 SFE credit from Section 30 employee housing that was demolished for the Powder Ridge permit fees. Legal counsel, Mike Wheat recommended not using the credit outside of Section 30.

*Director Rothschiller moved to follow Mike Wheat's recommendation to not allow the use of the credit outside Section 30. Director Cronin seconded the motion. Director Radick called for discussion. Motion passed, 5 yea votes to 0 no votes.*

Neil Consulting Litigation: Edwards reported that the offer of judgement deadline is December 20 and he has not heard anything yet. Neil's attorney has asked to do a deposition of Jim Muscat in January and will also do a scheduling conference.

Hall Litigation: The District received a letter from Hall's attorney and he now wants to start the discovery. Mike Wheat has made our case that the District does not care who pays the fee, but somebody should pay the fee.

## **SEWER & WATER PERMITS**

Monthly Status Report: Issuing of new permits has slowed down, with one water permit application from Silvertip that requires board action.

## **NEW DEVELOPMENTS--SEWER & WATER EXTENSIONS**

Silver-tip Project: Edwards has met with the developer and District staff are checking with the State for a minimum standard for separation of water lines from gas tanks. Edwards has also asked the developer for the letter of subdivision approval that includes the approval of the gas tanks. In addition, Edwards has asked for a 40 foot setback. Their application is for 13.13 water SFEs plus 2.0 SFEs for the tract watering. Edwards recommended approving the application pending the response, and district satisfaction on the developer meeting the conditions.

*Director Peacock moved to conditionally approve the Silvertip permit application as long as the conditions referenced in Edwards' letter are satisfactorily met. Director Radick seconded the motion. Director Radick called for discussion. Director Wiggins wants to ensure that everything is proper to the letter of the law with this project. If other items come up through due diligence, the Board would also require that these items are also dealt with to the District's satisfaction. Motion passed, 4 yea votes to 1 no vote that was cast by Director Rothschiller.*

## Skycrest Joint Venture:

The Board reviewed Edwards' letter regarding the Skycrest Joint Venture and allocation of SFEs if the partnership dissolves. Board will consider this issue if the joint venture dissolves.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, January 16, 2000, at 3:30 pm in the WSD community room.

**ADJOURNMENT**

*Director Rothschilder moved to adjourn the meeting at 5:20 pm.*



Dee Rothschilder  
Dee Rothschilder, Secretary

12-19-00.min (Board Approved 1/16/01)

Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716

**Acceptance of Monthly Financial Statements**

Date 12/19/2000

The Board of Directors at its 12/19/2000 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>11/30/2000</b>
Assets:	<u>\$ 19,998,311</u>
Liabilities	<u>\$ 8040,759</u>
Equity	<u>\$ 11,957,553</u>

2 Income Statement as of	<b>11/30/2000</b>
Total Revenues	<u>\$ 925,214</u>
Total Expenses	<u>\$ (528,454)</u>
Net Revenues	<u><u>\$ 396,760</u></u>

  
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Jack Crowther, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- November 21, 2000, 2:00 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 2:00 pm on Tuesday, November 21, 2000, in the WSD Community Room. President Jack Crowther, Vice-President Wendell Ingraham, Secretary Dee Rothschiller (left at 3:40 pm) and Directors Stewart Peacock, and Packy Cronin were present. Directors Dick Wiggins and Skip Radick were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Marcus Hibdon; and the following individuals from the public: Sara Gibbs, Jackie Pena, Kelly Bishop and Leigh Ann VanCleave.

President Crowther called for public comment at 2:32 pm.

**PUBLIC FORUM**

Sara Gibbs encouraged the Board to work out the details between YC and WSD and reminded the Board that the community does not want sewage in the river. Crowther asked if Gibbs ever attends meetings at YC to encourage them to work out the issues and give a little too. She has not, and does not take sides. Asserting that Board members may have personal agendas, Gibbs asked members to sacrifice some issues so we can start working on treating the water. Both Directors Ingraham and Cronin informed Gibbs that this Board does not have any personal agendas and members work for the community under state statutes. The Board does not want to discharge into the river, either, and they have 15 years to come up with a solution before that would ever happen.

Jackie Pena, speaking for herself and Kelly Bishop, once again is attending a Board meeting to oppose dumping of any affluent into the Gallatin. Pena asked if something could be published in the paper that would list the topics to be discussed at the meetings. Edwards and Kennedy noted that the monthly meeting schedule is published in the community calendar of the Lone Peak Lookout, but it is nearly impossible to get the agenda published with the timing of a weekly paper and having an agenda ready. However, the complete agenda is posted at the Post Office, Country Store and District Office. Director Ingraham explained that the District approached the YC to help with the sewer situation, it was not the YC that approached the District. All YC wanted was for the District to sell water to their development. Director Ingraham contended that the Board is working hard and needs the trust from the community. Peacock explained that anyone can run for Board positions when terms are up. In fact, on the last day to apply for the last election of officers, no one had applied to run so previous members reapplied. Peacock reiterated that there are no hidden agendas, the Board members are working toward a solution and just trying to do the right thing.

With no further public comment, President Crowther called the meeting to order at 3:00 pm.

### **APPROVAL OF MINUTES**

*Director Ingraham moved to approve the October 17, 2000, regular meeting minutes as written. Director Peacock seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Crowther voting.*

### **FINANCIAL REPORT**

October Financial Reports Dutton reviewed the financials noting that there were no significant changes on the balance sheet from last month. The District is in the black and Dutton does not see any significant changes coming in the next few months. Dutton still has not heard from the Montana Power Company on alternatives for service providers.

*Director Rothschiller moved to accept the unaudited October financial reports. Director Peacock seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Crowther voting.*

Blue Grouse Loan Edwards reported that with the interest rate of about 5.5% on the Blue Grouse loan it would be best left as is and instead to try to pay off the three telemetry leases at 8.7% with the available cash in the water account. Edwards and Dutton recommended paying off the one telemetry lease of \$59,000 and evaluate paying down the others.

*Director Peacock moved to approve the general manager's and financial officer's recommendation in paying off the telemetry leases. Director Ingraham seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Crowther voting.*

Dental Plan: Dutton briefly reviewed a proposed employee in-house dental plan which included an annual cap of \$1,000 per person and minor benefit changes from the current plan. The current plan expires at the end of December.

*Director Ingraham moved to accept the in-house dental plan as presented. Director Cronin seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Crowther voting.*

### **OPERATOR REPORTS**

#### Sewer System Operations:

**Monthly Report--Burroughs** reported that the increased flows are coming from the mountain with current flows slightly under last year's. According to Edwards, the repair of the outfall line at approximately \$950,000 provided a substantial savings, eliminating the need to treat an additional 20 million gallons of flow. Burroughs will start up the Lone Moose Meadows system in December and, due to lack of use, probably shut it in again in the spring.

#### Water System Operations:

**Monthly Report--Muscat** reported now that irrigation is out of the way, the flows reflect reality in use. The mountain October flows are high as the Cascade tank was filled with the other mountain wells. Along with chlorination of the Cascade lines, a leak in the line will be fixed next week. Gaston will provide the District with engineer reports on build out

needs. Boyne is working on a punch list of items and moving forward to the eventual transfer of the new system. There will be almost 1 million dollars of assets transferred to the District. *Director Ingraham asked that Muscat send a letter to Boyne noting that the system is close to completion and acceptance.*

**Water Facilities Plan**--*Director Ingraham asked that future meetings on the water issues involve Muscat.* Edwards reported that he has met with Westland/TM group and Cronin and there is still momentum in cost sharing of a tank. Edwards believes that there are benefits to cost sharing and recommended using the SFE counts for determining cost shares. Engineers are working on figures and a new meeting will be scheduled in a couple of weeks, maybe the last week of November. With final plat approval, Westland/TM now has three years to complete the infrastructure for their Town Center and this deadline will drive all parties. Director Cronin stated their interest in participating, but needs to see where it is going. Director Cronin will work with Paul Cronin to get everyone working together. Muscat reported Simkins have drilled three wells, one of which is good. Edwards has authorized Threlkeld/Allied Engineering to proceed with the topo work on upsizing two tanks. Engineers recommendations on the best solution to improve our current system will be made.

Director Peacock asked if it was possible to get fluoride in the water. Muscat reported that no one has asked to have a system with fluoride. Director Rothschilder stated she likes the water the way it is, but has heard that dentists say there is a higher incidence of cavities with children in Big Sky than other communities with fluoride in their water system. *Muscat will check into the mechanics of adding fluoride to the Big Sky water system.*

#### **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Advanced Treatment Plant and Rezoning Application: The Westland/TM agreement has been signed by the District and has been given to Barrett to be signed on behalf of Boyne. Before swapping the land, the District needs the rezoning so that a treatment plant can be built on Section 31 land. Two applications for rezoning have been filed with Gallatin County. The advisory committee will make their recommendations and then the applications will go to the county for review and approval. Jim' Pepper and Edwards will be available to address questions on the applications. The road accesses may be points that come up. Edwards will keep the Board informed on the status.

#### **YELLOWSTONE MOUNTAIN CLUB AGREEMENT**

Edwards met with engineers and Bob Sumpter to discuss the credit issue and to put in some realistic costs in building the storage/plant at YC. With the assumption that the District has land, Armstrong also put together some preliminary costs if the District does the work. Edwards would like to have a special board meeting after December 11, when Directors Radick and Wiggins return, to discuss the issues with the engineers input.

#### **LEGAL ISSUES**

Cronin Litigation: The two reply briefs were provided in the board packet and everything is before the judge. The trial date is in July, 2001.

Neil Consultants Litigation: Edwards distributed the draft offer of judgment letter prepared by Wheat and Brown. John Brown, participating via speaker phone, explained the draft offer of judgment. The down side of the offer is the District would have to pay the amount of judgment plus attorney fees. The offer could be presented without attorney fees, but Brown doesn't feel Neil would accept it. Once an offer is filed, Neil has 10 days to accept or reject it. District insurance does not cover contract disputes, consequently, this litigation will not be covered.

***Director Ingraham moved to accept the draft Offer of Judgment as presented. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Crowther voting.*** Director Rothschiller was not present for this vote.

### **SEWER & WATER PERMITS**

Status Report: No board action was required on SFEs permitted.

Powder Ridge Cabins Request for SFE Transfer: Boyne's application for Powder Ridge requests the use of a credit of 4 SFEs from the demolished employee housing, located in Section 30, that PIFs and surcharges would not apply to. Edwards recommended approving the request as legal counsel, John Brown, has said there is not a problem as long as there is Board action.

***Director Ingraham moved to accept the manager's recommendation as presented. Director Peacock seconded the motion. President Crowther called for discussion. Motion passed, 4 yea votes to 0 no votes with President Crowther voting. Edwards is to follow up with legal counsel, getting a letter from John Brown that states the reallocation of the SFEs does not violate the agreement.***

### **NEW DEVELOPMENTS--SEWER & WATER EXTENSIONS**

Boyne Mountain Master Plan: Edwards briefly highlighted changes in the Boyne's Mountain Master Plan. Edwards will be at the Madison County hearing on November 27 and the District will also be on the agenda for a plat amendment for the snowmaking site.

Mountain Village Subdivision, Phase 2--Holiday Inn Express: The District will review and comment on the recently received plans and specs for the Holiday Inn project, taking into account the SFE capacity. A water and sewer permit application has not been submitted and Edwards has not seen any hard numbers. However, Gaston has reported about 60-65 SFEs. The land will need to be subdivided.

Pioneer Development--SFE Reallocation: Edwards recommended that the Board approve Pioneer's reallocation request transferring 5.5 SFEs from Lot 5G of Tract 5 to Lot 3A of Cascade Subdivision.

***Director Ingraham moved to approve the managers recommendation as presented. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes.***

Meadow Village Tract 4--Request to Increase SFEs: Chris Gibson/Sara Hall requested a total of 64.1 SFEs for this tract as the quarterly billing has been calculated with these SFEs. Edwards recommended approving the difference of an additional .8 SFEs for Tract 4, having a total of 72.25 SFEs for this tract. The SFEs will change Table 3.01.

*Director Peacock moved to approve the request per the manager's recommendation. Director Cronin seconded the motion. The history of the modification of Table 3.01 must be footnoted on the Table and the date of action must also be indicated. Motion passed, 4 yeas votes to 0 no votes with President Crowther voting.*

*Edwards will include the revised Table 3.01 with the amendments to the Ordinance, which needs Board action.*

#### **GENERAL CORRESPONDENCE**

Bergen Letter--Appeal Quarterly Charges: The Board reviewed, considered and denied Bergen's request appealing his quarterly water and sewer fees. *Staff are to write a letter explaining the billing.*

West Letter--Billing Cycle: In response to Scot West's letter on the billing cycle and the delay in mail time to Switzerland, *Director Ingraham directed Edwards to check into a direct deposit option for customers.*

Metering Several pieces of correspondence asked for metering. *The Board directed Edwards to put together a preliminary metering schedule plan for Board approval at the next meeting so that letters can be written to these customers.*

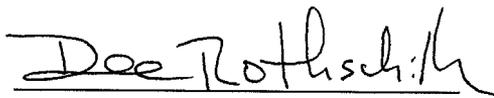
Fire District Request--PSA Insert: The Fire District asked if they could insert a PSA in the District's quarterly bill. The Board discussed the request and will consider approving the request as long as there are no additional costs to the District. *Edwards is to contact the Fire District and let them know the Board will approve the insert after reviewing it and as long as no additional costs are incurred by the District. The letter is to mention the ISO review, asking for a timeframe, and to let the Fire District know that the Board is anxious to move forward on the ISO and that the District is eager to help them out on the PSA flyer.*

#### **NEXT MEETING**

The next regular Board meeting is tentatively scheduled for Tuesday, December 19, 2000, at 3:30 pm in the WSD community room.

#### **ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 4:20 pm.*

  
Dee Rothschild, Secretary

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date 11/21/2000

The Board of Directors at its 11/21/2000 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	Oct 31, '00
Assets:	<u>\$ 19,931,435</u>
Liabilities	<u>\$ 8,040,352</u>
Equity	<u>\$ 11,891,084</u>

2 Income Statement as of	Oct 31, '00
Total Revenues	<u>\$ 770,819</u>
Total Expenses	<u>\$ (440,827)</u>
Net Revenues	<u>\$ 329,992</u>

  
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Jack Crowther, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- October 17, 2000, 3:30 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Tuesday, October 17, 2000, in the WSD Community Room. Vice-President Wendell Ingraham, Secretary Dee Rothschiller and Directors Stewart Peacock, Packy Cronin (arrived at 4:00 pm) and Dick Wiggins were present. President Jack Crowther and Director Skip Radick were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Marcus Hibdon; and Yellowstone Club representatives Bob Sumpter and Steve Brown.

**PUBLIC FORUM**

With no public comment, Vice-President Ingraham called the meeting to order at 3:35 pm.

**APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the September 19, 2000, regular meeting minutes as written. Director Peacock seconded the motion. Motion carried, 4 yea votes to 0 no votes with Vice-President Ingraham voting.* Director Cronin was not present for this vote.

**FINANCIAL REPORT**

September Financial Reports: Dutton reviewed the financials noting that the three CDs coming due this week will be renewed. Dutton anticipates an approximate \$300 credit from American Bank from a miscalculation on the amortization on the new building. A small square footage of the unfinished basement in the office building is being leased for \$50 a month by the Big Sky Christianson Fellowship. Vice President Ingraham asked that the financial reports show the lease. The year-end pay back to sewer operations for the Blue Grouse loan has been made. The Board discussed shifting money to pay off the loan to the water operations. *Dutton will address the loan issue at the next Board meeting.*

*Director Rothschiller moved to accept the unaudited September financial reports as prepared. Director Wiggins seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice-President Ingraham voting.*

FY 1999/2000 Audit Report: Dutton stated that he is satisfied with the report as prepared.

*Director Peacock moved to accept the FY 1999/2000 Audit report as prepared by Knaub & Co. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice-President Ingraham voting.*

*Dutton is to call Knaub and inform her that the Board accepted the audit.*

Vehicle Replacement: Dutton reported that seven bids were received for replacement of the Toyota truck. The lowest bid came in at \$20,197 for a Dodge truck and it will be about 50 days out for delivery. The low bid was accepted by the Board per prior acceptance and approval of the FY 2000/2001 budget.

Crail Creek Hot Tub: Permits issued in 1997 to Crail Creek included hot tub charges totaling \$14,000 and Dutton said that a refund of the charges is warranted as the hot tubs do not drain to the public sewer system and refunds were issued on other similar permits. Because of such high density, *the Board directed Edwards to check into regulations on draining hot tubs to the ground prior to a refund being made.*

*Director Rothschiller moved to table any action on the hot tub refund to Crail Creek until staff look into the drainage issue. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes with Vice-President Ingraham voting. Staff are to look into alternatives for drainage requirements, i.e. gravel bed, etc.*

### **OPERATOR REPORTS**

Sewer System Operations: **Monthly Report--Burroughs** will shut the filters off Wednesday and the system will be shut down for the winter with start up planned for March or April, 2001. Ninety-three million gallons of water were filtered with no major problems. Flows have been up a little bit the last couple of weeks and Burroughs expects that a pool may have been drained. Burroughs recommended switching out the meter system for the irrigation system as it read low, otherwise there are no other big maintenance items with the filter system. Upsizing the jockey pump has been discussed.

Burroughs reported that Boyne will be building a Holiday Inn near Lake Condos and he is working with the engineers to change the stub out and connection so that he can abandon a curved line in the area.

Water System Operations: **Monthly Report--Muscat** distributed a water production report. Progressive leak detection was done in September with no big leaks found. Muscat believes that irrigation and other higher uses are the causes for the increase in production. The Aspen Groves system has met the threshold as a public system. The new Cascade line is in and it is in the process of being pressured up and filled. The telemetry monitoring system is now installed in the office. Cascade Phase III is being worked on, along with the Cascade booster line. In regards to taking over the upper Cascade system, Edwards stated that everything has to be done to the District's satisfaction. The sulphur re-test on well #5 has not been done by Gaston. Edwards is waiting to see what the water quality is, requiring transfer of one well with the system. Muscat reported that Lee Evans from Gaston Engineering said that well #6 will be needed for full build out. Requirements for full build out still needs to be determined. Initially it was going to be a stand alone system and the two wells would have been required. Edwards and Muscat are not sure what the GPM requirements will be now. Edwards has not seen any plans or specs on the change to the system. To anticipate what is going to happen, Vice-President Ingraham would like verification of the supply, possibly having the second well for emergency purposes. According to Muscat, there is still a punch list of items that will need to be done and the Board will have to decide if Boyne has met the water demand. *The Board would like a report from Muscat on the punch list items, what is the capacity vs. the demands, recommendations, etc.*

Metering has been on hold due to other projects, the billing software aspects are being worked on through Black Mountain. HKM has talked to a contractor who may be available to get the residential metering done in the next six months or so.

#### **CRONIN LETTER RE: WARRANTY PERIOD FOR S/W EXTENSIONS**

Edwards reported that at the last board meeting the issue on the warranty period was tabled. We currently require a two-year warranty and Paul Cronin is asking for a one-year period. Burroughs stated that we have a very rigorous inspection and the paving is usually the cause of problems. Burroughs does not remember ever using the two-year warranty money. However, the money has been leverage in asking the developer to fix the problems. Muscat noted that we will be accepting the Cascade system soon and those lines have been in for four years already and the Cascade system could be a big deal. Edwards is not opposed to a one-year warranty, but feels the two-year warranty is a better security and, depending on the circumstances, agreements could be written for either one or two years. The Board discussed changing the ordinance to a one-year warranty as a standard and systems not inspected by the District could be extended *two to five years*. *Edwards will present ordinance amendments on the warranty period at the next board meeting.*

#### **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Advanced Treatment Plant Land Agreement: Edwards informed the Board of the steps in getting the zoning changed from multi-family. Jim Pepper has offered his assistance. The renderings are done and will be included as an exhibit. *Edwards is to try to get the agreement signed before December.*

#### **YELLOWSTONE MOUNTAIN CLUB AGREEMENT**

Edwards highlighted the changes to the revised draft of the Yellowstone Mountain Club Agreement that were discussed at the last Board meeting. The annexation issue on page 28 still needs to be worked on. The Board reviewed and discussed Mike Wheat's memo which cited sections of the statutes on the annexation issue and presented only two ways to change the boundaries: 1) petition and then vote by all property owners, 2) written consent of all property owners who the service is to be extended to, plus the contiguous property owners. Edwards has gone on record saying District property owners will have the opportunity to vote on the annexation and if the Board is going to do something different, he feels this needs to be explained. Sumpter suggested if item 2 was followed and a property owner did not want to be annexed in, he would carve that piece of property out of the annexation. The Board wants to annex in the entire development, not a portion. Edwards reported that 50 percent plus 1 ballot needs to be returned with favorable responses before it is a binding vote. Board members want an issue of this magnitude to go before the voters. They are confident annexation will be approved as information will be disseminated on the economic benefits and eliminating the need for discharge. The Board did not think option 2 would be any quicker for annexation. Sumpter expressed frustration with the delay, saying that at some point in time this has to be dealt with. Vice-President Ingraham stated that the District has talked with other property owners and there are other possible options. According to Edwards, the District could enter into a service agreement if the voters do not approve the annexation. Director Rothschiller wants to proceed now, with the issue going to the voters. *Edwards will fine tune the agreement with Wheat's material using annexation option 1.*

To address the fee issue, Edwards distributed and discussed the information prepared by Morrison-Maierle on 10/17/00, in addition to the information from the 9/25/00 feasibility study. Under this scenario, the District would owe over 1 million. Edwards and the Board members want HKM to verify the numbers provided thus far and to also have M/M determine YMC's land value prior to any decisions. The exact location of the storage ponds is also needed as the numbers will change. According to Sumpter, YMC is already at PIF value with in-kind contributions without even considering the land value for storage and irrigation. In addition, YMC is providing the District with an approximate 2,000 extra SFEs of capacity and YMC will be 10 million dollars into this project. Vice-President Ingraham stated that YMC would have some of these costs without District involvement. Edwards thinks the SFEs to LMM have a value and wants all the issues considered. Vice-President Ingraham asked Sumpter if they would be willing to consider that the SFEs have a value in coming up with the in-kind contribution value. Sumpter asked what the fair value of an SFE is and what 200 million gallons of disposal is worth to the District. Edwards stated an SFE is worth more than \$3,500, but did not know the market value without talking to developers who want SFEs. Director Wiggins remarked that PIFs will be passed on to future property owners, YMC will not be paying them. When asked about the development plans for Spanish Peaks North, Sumpter did not know its density at this point. With the number seeming around 7 million, Director Rothschiller asked if Board members are going to accept the deal or spend 7 million on snowmaking and still need to discharge.

In an effort to come to consensus, the following ideas were presented and discussed: 1) Edwards suggested forgetting the credit, give LMM 1,000 SFEs and then they pay for SFEs with a revised PIF analysis which would be lower than the current \$3,500 per SFE. 2) Director Cronin stated that their development was not given credit for their improvements. In addition, a lawsuit has been filed challenging the SFE charges and they may change because of the lawsuit. Cronin suggested getting rid of the PIF, develop a new system with everyone paying through a general obligation bond, and then buy or lease improvements from YMC where everyone is paying through their taxes. Then, the Cronin lawsuit may go away. 3) Sumpter suggested building their own treatment plant and then sell storage and irrigation to the District and, if forced, they can do just their own system. 4) Sumpter announced that YMC would agree for the District to pay YMC for the engineers agreed upon capital improvements, have the property annexed, and pay PIFs on the 1900 SFEs. 5) Edwards proposed that the District lease or buy the land and then the District build the storage. 6) Sumpter asked if the District agrees with the concept of the District paying YMC for the improvements and YMC then paying the going rate for its SFES.

Without a full Board, Director Peacock was not willing to commit to a proposal and vote. *Vice-President Ingraham recommended that Edwards proceed with finalizing the numbers and schedule a special meeting to address this issue. Edwards is to provide Sumpter, in writing, what the District is looking for, including the procedure. Sumpter will present what they think is the procedure and the District will do the same. To get closer on the figures, Edwards asked for a work session with MM, HKM and Sumpter.*

### **WATER FACILITIES PLAN GEOTECHNICAL WORK**

Edwards reported that Allied Engineering has submitted a proposal to do the geotechnical work on the two tank sites. Vice-President Ingraham reported that Tom Simkins is interested in resurrecting the idea of a joint water tank. Director Cronin reported that Simkins's Town Center received county approval and will have three years to get to work. *Edwards is to contact Bill Simkins to see if there is any interest.*

### **LEGAL ISSUES**

Cronin Litigation: The briefs were in the board packet and the District is waiting for the judge to decide on summary judgment. Tiffany Lonnevick informed Edwards that the case will go to court July 2001.

Neil Consultants Litigation: The litigation is proceeding and our counsel is working on a response. Director Wiggins said *the District needs to make an offer on judgement and Edwards will follow up with counsel.*

### **SEWER & WATER PERMITS**

Monthly Status Report: Applications received, permits issued and related correspondence were provided in the board packet. A total of 11.5 SFEs were permitted since the last board meeting.

### **NEW BUSINESS**

General Correspondence: No board action was required on general correspondence.

### **NEXT MEETING**

The next regular Board meeting is tentatively scheduled for Tuesday, November 21, 2000, at 3:30 pm in the WSD community room. A special meeting may be scheduled to address the YMC agreement.

### **ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 7:30 pm. Director Peacock seconded the motion. Motion passed, 5 yeas votes to 0 no votes.*

  
Dee Rothschiller, Secretary

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date 10/17/2000

The Board of Directors at its 10/17/2000 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>09/30/2000</b>
Assets:	<u>\$ 19,891,308</u>
Liabilities	<u>\$ 8,051,845</u>
Equity	<u>\$ 11,839,463</u>

2 Income Statement as of	<b>09/30/2000</b>
Total Revenues	<u>\$ 570,676</u>
Total Expenses	<u>\$ (292,005)</u>
Net Revenues	<u><u>\$ 278,671</u></u>

  
\_\_\_\_\_  
Jack Crowther, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- September 19, 2000, 3:30 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Tuesday, September 19, 2000, in the WSD Community Room. President Jack Crowther, Vice-President Wendell Ingraham, Secretary Dee Rothschiller (left at 7:30 pm) and Directors Stewart Peacock, Packy Cronin, Dick Wiggins and Skip Radick were present.

Others present were WSD staff Ron Edwards, Bill Dutton and Marlene Kennedy; legal counsel Mike Wheat; Knaub & Co representative Marjorie Knaub; Lone Peak Lookout writer Marcus Hibdon and Yellowstone Club representatives Bob Sumpter and Steve Brown,

With no public comment, President Crowther called the meeting to order at 3:40 pm.

**APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the August 29, 2000, regular meeting minutes as corrected. Director Peacock seconded the motion. Motion carried, 7 yeas to 0 no votes with President Crowther voting.*

**FINANCIAL REPORT**

*Director Peacock moved to amend the agenda to address item III. A. 2. Draft FY 1999-2000 Audit Report. Director Cronin seconded the motion. Motion passed, 7 yeas to 0 no votes.*

**FINANCIAL REPORTS**

Draft FY 1999/2000 Audit: Marjorie Knaub highlighted the major changes from last year's audit report and briefly reviewed the balance sheets; statements of revenues, expenses and cash flows; and footnotes of the audit report. The storage trailer as item b. on page 16 is no longer applicable and Knaub will delete it. The wording on outstanding debt will be changed. A paragraph may need to be added on liability cap for employee benefits. Medical expenses on page 22, will be changed from 20% to 30% of district covered expenses. The Board may decide to disclose all agreements, i.e. West Berlin, Yellowstone Club, etc. There were no findings reported on internal control. Audit adjustments were made for the Summit Hotel, compensated absences and a few other items. Pledge securities should be watched to make sure securities cover the deposits. Board members are to read the draft report carefully and contact Knaub with any needed changes. *Dutton is to give Knaub his Accounting Procedures Manual for review and Edwards will give Knaub a few items to correct in the audit.*

August Financial Reports: Dutton reviewed the financials noting that a walk through of the Summit Hotel will occur in October. Dutton has contacted Montana Power for a list of alternative power providers. Boyne has gone with Energy West and Dutton will review that company for consideration. Dutton distributed the list of accounts that were sent to the Counties for the collection. The District is on target with income and expenses.

*Director Radick moved to accept the unaudited August financial reports. Director Cronin seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Crowther voting.*

## **OPERATOR REPORTS**

### Sewer System Operations:

**Monthly Report**--Edwards reviewed the summary statistics provided in the board packet, reporting that disposal of treated wastewater should be complete around October 15. Overall, Edwards is happy with the numbers he is seeing for the year. No problem areas have been identified, but I & I spot checking will be done in the meadow in the spring. The annual walk through inspection of the outfall line was done in August. A few items will be cleaned up by Van Dyke. Burroughs will try an alternative chemical, ferric chloride, with jar tests this fall and spring and may change from aluminum sulfate next year.

### Water System Operations:

**Monthly Report**--Edwards distributed a water production report showing a drop of about 1/2 in the mountain and meadow. Leak detection is still being done as Edwards believes the production rates in the meadow are still too high. Edwards reviewed the warning letter from DEQ pertaining to the Andesite line. The line was initially classified as a service, it will now be classified as a main since Boyne is connecting the bathrooms and the warming hut and, according to the DEQ, the line was not approved as a main. Edwards has sent Boyne a letter. The Aspen Groves Water system has met the threshold for a public system and the State has been notified. Muscat will work with DEQ for monitoring requirements. A couple of meadow village water rights will be abandoned when the new rights are filed, and everything is just about done with this filing. The Hill transmission system will begin soon, as the contractor has committed to get it in this year.

**Water Facility Plan**--Edwards reported on the committee meeting, identifying some immediate tasks. Threlkeld has been contacted to put together a proposal for doing the engineering work. Threlkeld is to contact the property owner where the Hidden Village tank is located to see if the District can get an easement approval to upsize the tank. As yet, Threlkeld has not been able to contact the property owner. When Threlkeld gets the proposal to the District, Edwards is to contact committee members for review and approval.

*Director Cronin moved to authorize Edwards to spend up to \$20,000 for all geotechnical work. If the work is over that amount, Edwards is to phone survey board members. Director Wiggins seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Crowther voting.*

Edwards has talked to the State about bonding and it can be combined with sewer improvements or stand alone, it is up the Board. Director Ingraham would like the District to go out for bond on the water improvements with a \$750,000 to \$1,000,000 bond. As Edwards and the committee progresses, Director Ingraham would like a recommendation of bonding to be presented to the Board for approval.

### **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Advanced Treatment Plant: On September 30, Edwards, Bill Simkins and Jim Pepper walked the new site. The movement of the site to the west will work out well for both parties. Once the exhibit its done, Edwards believes that the land transfer document will be done. The .43 acres to go to the park will require a boundary adjustment and *Edwards is to work on it as a consent agenda item for the County Commissioners to approve.*

### **YELLOWSTONE MOUNTAIN CLUB AGREEMENT**

Edwards and Mike Wheat reviewed the major changes in the Yellowstone Mountain Club Draft agreement, which incorporated comments from the last board meeting and the last meeting with YMC. The document states that sewer service to properties currently outside the District must be annexed in. If sewer service is provided prior to annexing in the property, the ordinance will need to be amended. With the assistance of Ray Armstrong, surplus water has been defined in the agreement in the new sections 11 and 12 and YMC will be held to produce a minimum of 125 gpm. Director Ingraham would like "own property or option to purchase" wording used even on the disposal property. Sumpter said the exhibits should be referred to as this would take care of property definition. A disposal easement on the properties will be provided by YMC. Mike Wheat is to define ownership interests under developer and then use "developer" term. The District will be involved in the process of the well location and a water quality definition "acceptable to the district" has been included. A plat reference has been added on page 7, that includes phases I, II & III as long it does not exceed 125 gpm. On page 8, an update of the mountain system modeling will be done if Morrison-Mairele can update it. Steve Brown will contact M-M and get an answer to Mike Wheat this week. A definition of ownership change has been added. Starting on page 9, sections 11 and 12 have been reworked since the last draft to make the sections consistent with the Berlin agreement and State law. Page 13, line 19, phase III needs to be referenced. Sumpter stated that he would like all potential disposal sites be identified on Exhibit B. To generate power for YMC, Sumpter would like to install a turbine, at their cost, on the forced main if they can get approval from DEQ. If it doesn't interfere with District operations, the District Board is not opposed to it and the details can be worked out later. Language on expanding storage has been added on page 16. In reference to page 17, last week Blixseth asked Edwards to eliminate any windows for either party to not perform. Per the Board and legal counsel, annexing must be done via voter approval. The Board will proceed in a timely fashion with bonding and annexing when the agreement is signed. On page 22, line 24, "portion" in regards to assessment for capital improvements must be defined. This subsection 6 can be deleted as annexing will take care of assessment charges. Edwards asked Sumpter to talk to Blixseth about transferring the Lone Moose Meadows water and sewer facilities to the District upon annexation. A quit claim deed must be completed on the snowmaking treatment site prior to the District signing an agreement allowing Blixseth to use the land. Sumpter asked if the exhibits could be broad based, i.e. generally, this is where the golf course is and this may be an alternative site. Since the District has not seen any exhibits, Edwards said the District will need to start with something to review. As soon as the District moves into engineering design on the plant, the District will need to know where the storage and disposal sites are. Sumpter said their immediacy is for 36 units at 48 SFES for Lone

Moose Meadows. Edwards said the District has capacity to serve LMM's immediate needs when LMM is annexed in. Sumpter restated that their time frame is immediate for 12 units as they need Gallatin County approval and the rest of the units can be phased in over a 2-3 year period. Hook up will be needed for 12 units in the spring. Sumpter proposed dumping LMM's Santec system waste into the District system with a commitment today. Edwards reiterated that no service is available without annexing and voters need to have their chance to vote. Mike Wheat and Steve Brown were directed to look into the timelines for annexing. Sumpter asked the Board to annex in just the original LMM units and then they would turn over the Santec system to the new units to be built. Director Radick suggested that Wheat and Brown try to find a solution to annexation. On page 28, assessment of fees based on capital improvements by YMC, delete items 1 and 2, leave item 3 and come up with a value giving credit to offset PIF. Further discussion is needed on how credit is applied.

Wheat will get a memo to the Board on annexation possibilities and timelines. Sumpter and Steve Brown will crunch numbers and give a written report the Board on cost of YMC improvements.

#### **LEGAL ISSUES**

Cronin Litigation: Mandatory mediation will occur on Wednesday, September 20 at 9:00 am. The pretrial conference is set for October 10.

Discharge Permit Litigation: Mike Wheat has filed a status report to the court.

Neil Consultants: John Brown informed Neil's attorney that the District did not accept their counteroffer.

#### **WATER METERING PROJECT**

The bank is willing to accept the same terms to purchase meters and installation, The metering could be done in two phases: 1) residential 2) commercial. The next step is to work on an RFP and get the labor lined up to do an installation. *A draft RFP will be ready for next meeting.*

#### **BSOA ANNUAL MEETING REPORT**

The fact sheet presented at the BSOA annual meeting was provided in the board packet.

#### **CRONIN LETTER RE: WARRANTY PERIOD FOR S/W EXTENSIONS**

Edwards explained that, under our current ordinance and policy, we ask a security be posted for a period of two years from the date of the transfer agreement. Paul Cronin would like the warranty period be shortened. Directors Radick and Cronin said it is a penalty put on the developer as the contractor only provides a one-year warranty. Director Radick suggested that for existing agreements the warranty period stands as is and for new extensions to amend the ordinance to one-year warranty periods. Edwards stated that the extra year gives the District security to fix potential problems. Director Cronin asked if the District would change their contracts for their contractors to provide a two-year warranty.

With the two-year warranty period, Director Ingraham feels that the District is protecting its constituency.

*Director Cronin moved to amend the Ordinance for the warranty period be one year if the lines are installed and inspected as directed by the District. President Crowther called for discussion. Director Radick stated his reluctance to second the motion until staff affected by the proposed amendment have made their recommendations. Motion died for a lack of a second.*

*Edwards is to talk to Muscat and Burroughs about the proposed change in the warranty period and make a presentation to the Board at the next meeting. Wheat noted that there is a difference between construction and transferring.*

#### **SEWER & WATER PERMITS**

Status Report: Applications received and issued for water and sewer connection were provided in the board packet.

#### **GENERAL CORRESPONDENCE'**

No Board action was required on any general correspondence.

#### **BSOA GATE**

BSOA has offered the gate to the District for purchase. *Edwards is make an offer to BSOA.*

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, October 17, 2000, at 3:30 pm in the WSD community room.

#### **ADJOURNMENT**

*Director Ingraham moved to adjourn the meeting at 7:45 pm. Director Cronin seconded the motion. Motion passed, 6 yea votes to 0 no votes.*



Dee Rothschiller, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- August 29, 2000, 3:30 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Tuesday, August 29, 2000, in the WSD Community Room. Vice-President Wendell Ingraham, Secretary Dee Rothschiller and Directors Stewart Peacock, Packy Cronin, Dick Wiggins and Skip Radick were present. President Jack Crowther was not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; and Boyne representative Brian Wheeler.

**PUBLIC FORUM**

Vice President Ingraham called for public comment at 3:30 pm. Brian Wheeler, Boyne USA representative, spoke regarding several subjects.

Boyne Boundary Change on Section 25: Wheeler distributed a handout and explained the boundary change that Boyne is requesting. The proposed terrain is adjacent to Diamond Hitch and has approved subdivision roads. Boyne is not asking for additional SFEs for that area.

Tract 8 Irrigation Pines: Wheeler announced that Tract 8 is under contract and he is giving notice to the District that the above ground irrigation pipes must be moved. Edwards stated that there is a buried pipe on that tract and it connects to the park. Wheeler said they will talk about what they can do within the setbacks. *Wheeler needs a response from the District as to whether the pipes will be removed or relocated, as he has a deadline to respond to the buyer by September 20.*

Boyne's Image: Wheeler asked why the press presents Yellowstone Club as the good guy to the rescue when Boyne has taken responsibilities for its actions through the settlement agreement and they have also worked with the District to provide land for snowmaking to eliminate the need for discharge. According to Wheeler, Boyne is unfairly receiving a bad rap and Boyne wants it clear to the community, through printed clarification, how much they pay to the District. Wheeler requested a fact bulletin be published that includes a pie chart showing what part of the District's budget comes from Boyne through the settlement agreement. In addition, Wheeler stated that Boyne would like more SFEs on the table, i.e. the SFEs going to Yellowstone Club with their agreement. Director Radick noted that the District suffers from the same perception, where the community believes YC has come to the District's rescue to prevent discharging treated water to the Gallatin and as a board the District can sympathize with Boyne. However, Director Radick doesn't feel that the District can help Boyne with their public relations other than clarifying what Boyne has done: Vice-President Ingraham stated that the District will speak at the BSOA annual meetm<sup>g</sup> and Edwards, as part of his discussion, will bullet a short history on what has gone on, including an update on snowmaking. Wheeler asked for the tools to do a better PR campaign.

.43 Acre Land Donation: Wheeler stated that the BSOA Easement was for emergency access to the District and asked for closure on the transfer of the .43 acre of land as the park improvements are now encroaching on the parcel. Edwards explained that the Simkins

have asked for movement to the west of the 12-acres of land to be exchanged. District survey crews are staking the corners so that the property can be described and filed to eliminate confusion on what land is being exchanged. Wheeler doesn't believe that the District will get emergency access without resistance from a few people in the community.

BSOA Annual Meeting: At the BSOA annual meeting, Edwards will focus on the YC agreement and Boyne's involvement with the District. Director Wiggins asked that the "real story" be presented of how we got to the point of the agreement with YC to include District wastewater storage and irrigation, Edwards is to give Boyne credit for how they compensated the District.

Fee Structure: In response to Wheeler's comments on fees, Edwards stated that the Board at some point in the future may redo its rate structure when properties such a Lone Moose are annexed into the District and help pay for improvements. At this time, however, the District cannot make any commitments to a decrease in fees.

With no further public comment, Vice-President Ingraham called the meeting to order at 4:30 pm.

#### AMEND AGENDA

*Director Cronin moved to amend the agenda to address item IV. D.--Boyne Boundary Change Request. Director Rothschiller seconded the motion. Motion passed, 6 yea votes to 0 no votes with Vice-President Ingraham voting.*

#### BOYNE BOUNDARY CHANGE REQUEST

Vice-President Ingraham stated that by law a boundary change must go to the District members for their vote of approval. The District also needs to consider prior requests from Kass and Eriwn to annex their property out of the District and Edwards commented that the gates may open if we exclude property out of the District. Wheeler stated that Boyne will just request for annexing in property. If the District does annexing for Blixseth, Wheeler asked that Boyne's request be included, maybe adding acreage. Concurring with Edwards' suggestion, Vice-President Ingraham said the District will do all boundary cleanups with one ballot to the district voters. Legal counsel will have to direct the District at going to the voters for the annexing.

In regards to Wheeler's inquiry on the snowmaking project, Edwards reported that the bids came it at 1.5 million over engineers' estimates and the District has the project on hold for now. If the YC deal falls through, then the District may do snowmaking.

Wheeler reported that HK Contractors are doing a great job on the Cascade work.

#### APPROVAL OF MINUTES

*Director Rothschiller moved to approve the July 18, 2000, regular meeting minutes as written. Director Radick seconded the motion. Motion carried, 6 yea votes to 0 no votes with Vice-President Ingraham voting.*

***Director Peacock moved to approve the August 9, 2000, special meeting minutes as written. Director Rothschiller seconded the motion, Motion carried, 6 yeas votes to 0 no votes with Vice-President Ingraham voting.***

### **FINANCIAL REPORT**

July Financial Reports: Dutton reviewed the financials, reporting that the July financials reflect the auditors recommended adjustments from June. Edwards reported that the District paid for the telemetry for Aspen Groves and the developer will pay for the installation. Edwards did not have any items of concerns to note. Dutton said power costs are a concern, particularly if Montana Power Company gets another rate increase. Director Rothschiller reported that BSOA will be shopping for service. *The Board would like District staff to coordinate efforts with BSOA.* Dutton reported that Lone Moose Meadows is paid current on their contract and the Summit is now 80% occupied and he has made adjustment to the Summit account as necessary. *The District will need to do a walk through at the Summit before the winter season.*

***Director Rothschiller moved to accept the unaudited July financial reports. Director Wiggins seconded the motion. Motion passed, 6 yeas votes to 0 no votes with Vice-President Ingraham voting,***

Delinquent Accounts: Dutton distributed a spreadsheet that showed about \$7,000 in delinquent accounts, he will put delinquent accounts on the tax rolls on October 1. *The Board would like staff to look at setting a fee for collecting delinquent accounts.* Dutton said that there was one account with the individual declaring bankruptcy and the District will not be able to collect about \$120 as we did not file the delinquent balance with the county prior to bankruptcy notice.

Depreciation Schedule on Subdivisions: Dutton reviewed his spreadsheet showing the income and depreciation on the subdivisions.

FY 1999/2000 Audit: The auditors were here for four days, and the audit went very smooth. Knaub will be at the September meeting to present the draft audit to the Board.

### **AMEND AGENDA**

***Director Cronin moved to amend the agenda to address item IV. G.--Pay Scale Review. Director Peacock seconded the motion. Motion passed, 6 yeas votes to 0 no votes with Vice-President Ingraham voting.***

Pay Scale Review: Dutton and Edwards updated the Board on the retirement plan, PERS. Dutton reported that the Board will have to take action to get the District out of PERS. *The Board directed Dutton to bring information to the Board for evaluation.* Dutton stated that he and Edwards will probably make a trip to Helena to talk to PERS representatives. For now, Edwards suggested increasing benefits so that employees can do what they want for investing. Dutton has talked to an agent for disability coverage with short term available at a reasonable cost, and but long term being expensive. Director Rothschiller

stated that BSOA provides dental, long and short term disability and life insurance at around \$300 month. Vice-President Ingraham suggested that the District self insure dental coverage. *The Board asked that the staff make a proposal.* Edwards recommended a 3% raise across the Board for all staff.

***Director Radick moved to accept a 3% raise for all employees, as recommended by Edwards. Director Rothschilder seconded the motion. Motion passed, 6 yea votes to 0 no votes with Vice President Ingraham voting.***

#### **AMEND AGENDA**

***Director Peacock moved to amend the agenda to address item V. A. 2.--Powder Ridge Cabins. Director Cronin seconded the motion. Motion passed, 6 yea votes to 0 no votes with Vice Present Ingraham voting.***

#### **SEWER & WATER PERMITS--POWDER RIDGE CABINS**

***Director Cronin moved to approve the Powder Ridge Cabins Permit Application for 8.40 sewer SFEs and 10.50 water SFEs. Director Peacock seconded the motion. Motion carried, 6 yea votes to 0 no votes with Vice-President Ingraham voting.***

#### **AMEND AGENDA**

***Director Cronin moved to address item 4. E.--Water Facilities Plan. Director Radick seconded the motion. Motion passed, 6 yea votes to 0 no votes with Vice-President Ingraham voting.***

#### **WATER FACILITIES PLAN**

Director Cronin asked if the Board could move ahead with the water facilities plan. The Board discussed taking the lead at doing something to improve the water system. Muscat suggested reviewing the options and presenting it to all parties--Cronin, Simkins and the District--and then move ahead. *A committee of Directors Cronin and Wiggins and Jim Muscat will review and evaluate the plan, making recommendations to the Board at the next meeting.* The committee will work with Terry Threlkeld. Edwards said that Threlkeld would like us to take our summer production into account.

#### **OPERATOR REPORTS**

**Sewer System Operations: Monthly Report--**Burroughs reported that flows are about the same as last year. Vice-President Ingraham asked if there are any repairs that need to be done. Edwards and Burroughs are not aware of any big problems, but Burroughs has been working on the little fixes. Burroughs suggested that the District could do spot checking for I & I at night in the early spring before the run off begins. Edwards suggested that flow from Westfork could be measured in case we ever institute the WF agreement of total flows. To measure flows from the Simkins development, we would need two flumes. *The Board will leave it up to the staff to make recommendations.* Burroughs distributed a spreadsheet showing projected filtering needs prior to the planned shut down date of October 18. Burroughs will try to meet the target dates for filtration and getting rid of the water. leaving the pond level at about 0.8 feet.

Dutton is working on replacing the Toyota truck. Burroughs suggested keeping the Toyota truck as a work truck for District part-time help.

Edwards reviewed the letter from Burroughs regarding the BSOA arrangement to get rid of waste from the park.

Water System Operations: **Monthly Report**--Muscat reviewed the flows, reporting that the District is using more water than last year. Muscat has been working on leak detection and nothing drastic has been found. Everything is working and running well, however, the District is on the upper limits of production. The Hill booster line has received final approval and construction will begin next week. Once the Hill booster line is in, the District will have to make a punch list of items that need to be done. The intent is to switch over and use the 1.5 million tank. Gaston Engineering intends to do a chlorine pilot test on the sulphur problem in well #5. Edwards stated that regulations are coming down that will require chlorination of the entire water system. Edwards offered to look into a variance from chlorination on the system if the Board wants. *The Board directed Edwards to pursue a variance.* Muscat reported that three new fire hydrants have been installed.

**Pilot Metering Project**--Muscat reported that two Sensus representatives came to Big Sky and showed staff how the meters worked and assisted with installation of three meters. The District will need to buy a few tools to finish installing the remaining 22 meters. Vice-President Ingraham asked for timelines for metering the entire community. Edwards reported that the pilot will be done through the fall and then metering the whole community can start. The District will take care of all the installation through hiring a whole-sale installer. The coded meter will be about \$110 and the box will be about \$70. The Board agreed that the District will buy the meter, contract for installation and then the homeowner will have up to three years to repay the District. Condominiums will have several units on one meter and also be sent one statement. It will be up to individual condo associations if they want to have each unit metered.

*The Board directed Edwards to develop a community metering schedule for installation, line of credit and a payment plan by the September meeting. The Board will vote on the metering plan at the next meeting. When the District has a plan, it is be sent to the property owners.*

#### **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Snowmaking Project Bids: Edwards reported on the snowmaking correspondence in the board packet and read a letter from HKM requesting Van Dyke to hold their bid open for an additional 60 days. Van Dyke responded on August 24 that they will hold the bid open. Edwards reported that Delta has declared bankruptcy. Edwards feels that, if needed, we should redesign and rebid this winter.

Advanced Treatment Plant Land Agreement: As reported earlier, the Simkins have requested the advanced treatment plant site be moved a little to the west and Edwards feels that relocation is better for the District. The surveying is being done this week. Vice-President Ingraham brought up the aesthetics issue with the location and the cost sharing of the road. *The Board directed Edwards to have the proposal ready for board approval at the September meeting.*

#### **YELLOWSTONE MOUNTAIN CLUB AGREEMENT**

Muscat recommended, and the Board agreed, to not allow YC to tie into the District water system until the agreement is finalized and signed. The Board is willing to have a special meeting to review the agreement if Edwards feels it is in final form. The draft agreement was provided in the board packet. A meeting to review the draft is scheduled for Wednesday at 10:00 am at Mike Wheat's office.

#### **MEADOW VILLAGE WATER RIGHT APPLICATIONS**

Edwards reported that the water rights notices that were published in the paper did not receive any public comment. Therefore, new water rights and appropriations for the Meadow Village system are being issued. The mountain village system water rights are better, but there is some clean up there too.

#### **LEGAL ISSUES**

Cronin Litigation: Several briefs were provided in the board packet. Edwards commented on the class action. Dutton reported that Art Wittich was in the office on Friday to review District files and copied 370 pages.

Hall Litigation: The District received an extension for some of the discovery work.

Neil Consulting Litigation: Edwards provided a verbal history of Neil's work, distributed a letter from Gregory Smith dated August 23 requesting \$25,000 for settlement, and read a draft response prepared by Mike Wheat. *The Board feels they have made serious attempts at settling this and directed Edwards to have Mike Wheat proceed per the offer of the last board meeting.*

#### **SEWER & WATER PERMITS**

Status Report: Copies of the permits applied for and issued were provided in the board packet.

#### **NEW DEVELOPMENTS--SEWER & WATER EXTENSIONS**

Tract 4, Teton Condos: Edwards provided a history on the Teton tract and the question is whether the carved out Teton Condo tract is a legal parcel. Edwards has advised Chris Gibson to have a title company look into it. Gibson wants to know the number of SFEs available for this tract. Edwards, using zoning and prorating the acreage, came up with 63.3 SFEs for the remaining acreage, which the Board agreed with.

Meadow Village Commercial Development: Edwards read a letter from Al Malinowski, addressed to BSOA, that stated they have not been able to get the 3 remaining signatures and will not be able to move ahead on creating an RID and proceeding with work this year. *Edwards will ask Jerry Scott if the District needs to review the PUD plans at this time.*

Mountain Village Reallocation Reauest: Edwards reviewed correspondence in the board packet from Chris Coyle requesting to reallocate SFEs. Edwards stated that there are extra SFEs on the property and he has asked Coyle to show common ownership. Edwards has not heard from Coyle. It is Edwards intent to follow through with reallocation as long as the request follows the ordinance.

### **BSOA ANNUAL MEETING**

Edwards will speak on the metering, YC, snowmaking and history at the BSOA annual meeting. *The Board requested that Edwards have a handout, revisiting how the District has gotten to the point we are at now, providing compliments where compliments are due. Edwards will ask President Crowther if he would like to speak.*

### **GENERAL CORRESPONDENCE**

Warranty Period for Sewer/Water Extension (Cronin Letter): As Directors Cronin, Radick and Rothschiller had prior commitments and left the meeting early, there was not a quorum to address this request and no action was taken. Currently, a two-year warranty period from the date the transfer is done is set up. *Edwards will make his recommendation to the Board at the next meeting.*

McBride Letter: In response to Don McBride's letter requesting elimination of the vacant lot charge, *Edwards will respond in writing explaining the rationale for charging vacant lots including covering depreciation costs of sewer & water system main lines and to cover fixed operating costs.*

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, September 19, 2000, at 3:30 pm in the WSD community room.

### **ADJOURNMENT**

*Director Wiggins moved to adjourn the meeting at 7:05 pm.*



Dee Rothschiller, Secretary

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date                    08/29/2000

The Board of Directors at its            08/29/2000 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	Aug 31, '00
Assets:	<u>\$ 19,843,816</u>
Liabilities	<u>\$ 8,108,189</u>
Equity	<u>\$ 11,735,626</u>

2 Income Statement as of	Aug 31, '00
Total Revenues	<u>\$ 154,847</u>
Total Expenses	<u>\$ (124,440)</u>
Net Revenues	<u><u>\$ 30,407</u></u>

  
\_\_\_\_\_  
Jack Crowther, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Special Meeting -- August 9, 2000, 8:00 am**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 8:00 am on Wednesday, August 19, 2000, in the WSD Community Room, to review the draft Yellowstone Club Agreement. President Jack Crowther, Vice-President Wendell Ingraham, Secretary Dee Rothschiller and Directors Stewart Peacock, Packy Cronin, Dick Wiggins and Skip Radick were present.

Others present were WSD staff Ron Edwards and Marlene Kennedy; legal counsel Mike Wheat; Lone Peak Lookout writer Marcus Hibdon; Yellowstone Club representatives Tim Blixseth and Bob Sumpter; Fire District representative Dick Wambsgans; and the following individuals from the public Sara Gibb, Pam Nagel and Jackie Pena.

President Crowther called for public comment at 8:15 am.

**PUBLIC FORUM**

Sara Gibb, Pam Nagel and Jackie Pena each spoke in support of the District working with Yellowstone Club to eliminate the need for the District to discharge treated effluent into the Gallatin. With no further public comment, President Crowther called the meeting to order at 8:20 am.

**YELLOWSTONE CLUB AGREEMENT**

The draft agreement prepared by Mike Wheat, Ron Edwards and YMC legal counsel Steve Brown was distributed to the Board for review and comment during this special board meeting. Wheat and Edwards reviewed and explained each section, editing the draft agreement from comments received from Board members, Tim Blixseth and Bob Sumpter. Purchase and Sale of Surplus Water: The document requires that the District provide the developer at least 12 months notice prior to reduction or elimination of the water supply, unless it creates a short fall for the District. The document will need to clarify what takes precedence in case of depletion of the water supply and to identify the party responsible for finding additional water. The definition of "surplus" was discussed. *At some point, Director Radick would like a study done on what the area aquifer production capabilities are and what can be handled in terms of development.* In Section 12, the SFE method for assessment will be deleted and metered flow will be used. If the water supply deal is terminated, the sewer agreement is still effective. On page 11, line 2, a clarification is needed on which phases I, II and/or III of YC are being served. The process of annexing YC will be looked into. To simplify billing, one bill be sent to the YC owners association quarterly. Consumer confidence reports will be sent to YC association and they will be responsible for mailing to owners. A section will be added that states "in case of depletion of water supply, YC will be notified as soon as the District is aware of a problem." In addition, an annual report will be sent to YC as to the condition of capacity of the Mountain Village system. Wastewater Storage and Disposal Facilities: An easement will be granted on land where storage and irrigation will take place with lease hold right for irrigation. Blixseth requested a change to the language to include "spray irrigation on land owned or land he has a right to control or convey the easement." Blixseth wants assurance prior to spray irrigation easements being granted that the agreement includes timelines and language that the District will expand the MV plant. Edwards asked Blixseth for assistance

at preparing exhibits for the agreement. Edwards reported that the first golf course already has 7 holes done and Blixseth will be building another golf course in the next year with the possibility of the District also using it for irrigation as long as the District provides water to another development, Spanish Peaks. Edwards is nervous about making this commitment, but would like to leave it as an option. Blixseth stated he would probably annex Spanish Peaks into the District. From a liability standpoint, Director Ingraham asked that the District be a named insurer on the storage ponds at YC. Insurance issues will be addressed to protect both parties. If Blixseth can find a tax advantage way to convey the Lone Moose system to the District, he asked the District to support him. Edwards will add a section to deal with design engineering so that YC will reimburse costs for pond design. The District will submit the engineering to the State for approval. Edwards and Blixseth will work together on getting all the engineering done up front with the building done in phases. Blixseth plans on building the ponds now, but the agreement language in the construction section will be left as three phases. Blixseth recommended that he pay for their engineers and the District pay for their engineer. Director Radick expressed concern with using two sets of engineers, noting potential problems. Blixseth will get Morrison-Maierle to do their plan and Edwards will bring MSE-HKM engineer Ray Armstrong to YC for a site visit. District engineers will have the right to accept YC engineers work and Morrison-Maierle will submit their plans to the District for review and approval. Blixseth requested a timeline of December 2002 for the District to follow through with their part. Edwards noted that the District is limited by law on what it can do because of voter approval on bond issues. Blixseth requested that language be included that the District cannot arbitrarily extend their timeline, they have to exercise due diligence. In addition, a right of termination date of December 31, 2002, will be added that includes language that awarding of the contract must be done. Wheat will include a date of December 31, 2001, that all the easement documents must be completed and put in escrow or the District has the right to terminate the agreement. An exhibit allocating cost construction will be added to the agreement. An irrigation agreement will be referenced as an attachment, however, the District will not own or maintain the irrigation lines. Wheat will add a sentence on "there will be no guarantee to supply irrigation water." Any annexed property will be subject to District ordinances with hookup fees and impact fees applicable. With bonding, LMM will have to pay their prorata share. LMM with 900 SFEs will be annexed in when the capacity is available. When annexation occurs, the 36 SFEs from the possible Boyne reallocation will go away. The mutual termination dates will be added. A signature line will be added for Lone Moose Meadows Association for the existing 16 units.

Blixseth stated that Boyne has agreed to sell him the mid-mountain treatment plant area of 80 acres and also reallocate 36 SFEs from Boyne. Edwards and Wheat responded that the property is outside the District and SFEs cannot be allocated outside District boundaries. Edwards explained that Boyne has no right to terminate the storage pond land use agreement. If Blixseth buys a part of Section 33, which is in the District, Blixseth asked if he can use the SFEs there for storage from Lone Moose Meadows. Lone Moose Meadows is outside the District and the ordinance will not allow sewer service outside the District. Blixseth and Sumpter asked what happens if voters do not approve of annexing in Lone Moose Meadows and asked for a deadline of December 31, 2002, for annexing in Lone Moose Meadows. Blixseth requested that the District change the ordinance if the voters do

not approve annexing. The Board will not change the ordinance if voters do not want Lone Moose Meadows annexed. Blixseth would like the District to start the process of annexing in Lone Moose Meadows. Blixseth stated that will get SFEs from Boyne for Section 33 now, and then start with annexation of Lone Moose Meadows. Surnpter asked if they are limiting the growth potential of LMM of the district voters do not approve the bond to expand the system. Edwards answered that the District cannot allocate additional SFEs without capacity. Wheat will add language "that immediately upon annexation of LMM the District would have unrestricted right to YC ponds and irrigation." For LMM, Blixseth will close his deal with Boyne, give the District a termination notice on irrigation rights on the 80-acre site, and extend LMM drain fields to the mid-mountain pond. The agreement will include LMM being able to use the District's mid-mountain pond area property on a temporary basis. The District will reserve the right to take the pond area property for their use if needed.

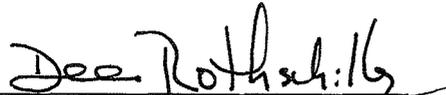
*Director Radick would like to see some proactive PR in getting information out to the public on how the District Board approached YC for irrigation to solve the need to discharge to the Gallatin. The intent of the District is to withdraw the discharge permit if everything is in place with the Yellowstone Club.*

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, August 29, 2000, at 3:30 pm in the WSD community room.

#### **ADJOURNMENT**

*Director Wiggins moved to adjourn the meeting at 11:58 am. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes. Directors Rothschiller and Ingraham were not present to vote on the motion.*

  
Dee Rothschiller, Secretary

08-09-00.min (Board Approved 8/29/00)

# Aug 9 Board Meeting

Name (Print)

Address

Sara J. Gibbs

Box 160711 B.S., MT 59716

Marcus T. Hobdon

Lone Peak Lookout Box 160123  
B.S. MT 59716

Pam Nagel

Box 160614 Big Sky, MT 59716

Jackie Peña

Box 160118 Big Sky, MT 59716

DICK WAMBSGANS

P Box 160250 Big Sky MT 59716

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- July 18, 2000, 7:30 am**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:30 am on Tuesday, July 18, 2000, in the WSD Community Room. President Jack Crowther, Vice-President Wendell Ingraham, Secretary Dee Rothschiller and Directors Packy Cronin, Dick Wiggins were present. Directors Skip Radick and Stewart Peacock were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; legal counsel Mike Wheat; Yellowstone Club representatives Tim Blixseth and Bob Sumpter; and numerous individuals from the public.

President Crowther called for public comment at 7:30 am.

**PUBLIC FORUM**

Michael Scott, Ken Morton, Harry Murphy, Frans Schernthaner, Nathan Cook, Jackie Penya, and Sarah Gibbs each spoke in support of the WSD and Yellowstone Club working together for an alternative to discharge into the Gallatin River. These members of the public encouraged the Board to continue to work hard to find a solution and protect the interests of all parties.

Yellowstone Mountain Club Agreement: President Crowther informed the audience that last January the agreement concept was spelled out and now, six months later, the big picture has not changed. Ron Edwards provided a history of the agreement, stating that YC first approached the District to only purchase water and then the District asked YC to consider providing land for wastewater storage and irrigation. In February, the Board motioned to work on an agreement where the District would sell water at a 1/1 replacement if YC would provide land for wastewater storage and irrigation. In consideration for the land, YC would be given a number of SFEs to be mutually agreed upon and Lone Moose Meadows would be able to hook to the District treatment system. The number of SFEs is what we now need to decide upon. WSD has met with Blixseth and Sumpter and YC attorneys are looking at the agreement.

Blixseth, YC, stated that the bargain is 1,900 SFEs and water in exchange for storage and irrigation with 900 SFEs for Lone Moose Meadows (48 SFEs for LMM current needs and 12 SFEs right now) and 1,000 floating SFEs to use where they want on their property in the Big Sky area. Blixseth has 30 days to decide what they are going to do at LMM and he needs a commitment from the Board. Edwards noted that any infrastructure would be the responsibility of YC, at no cost to the District. Edwards clarified that the original 1,000 SFEs were to go to YC properties. Blixseth identified all his properties saying they have no idea what the development plans are for most of the properties. In addition, Blixseth has options to repurchase property that Mel McDougal now owns and he cannot tell the District where he plans to use SFEs. There is also one piece of property that he would like to build affordable housing on and would need SFEs for it.

Mike Wheat feels that the District can enter into a contract with Blixseth for SFEs. The issue is the 1,000 floating SFEs and he believes there needs to be assigned SFEs for properties, specifically what land it is attached to. Blixseth said the SFEs would be attached to land that he owns, the floatability would be decided by the county through zoning. Blixseth requested that the Board make a decision for 1,900 SFEs. Director Rothschiller doesn't see a problem on where the SFEs are used as long as it is Blixseth's land. Wheat said it would be similar to the Simkins land with the SFEs attached to specific properties and cannot be a traded commodity. As the Simkins property is in the District, Director Ingraham believes the Blixseth property should be identified and annexed. Blixseth stated that he can identify the sections, but not the development plans. Blixseth would agree to annexing any property into the District.

The Board agreed to have Mike Wheat work with Blixseth's attorney to word smith the agreement to bring the two thoughts together, working out the details in a quick fashion. The overall concept is a win-win situation for everybody and the Board would hate to see the negotiations fall apart because we couldn't agree today. Edwards said provisions can be built into the agreement to make sure that all the things get done and the draft agreement already addresses that--if Blixseth doesn't perform he doesn't get SFEs, if the District doesn't perform they don't get the storage and irrigation property. After much discussion, Blixseth agreed to identify the properties and if one property dropped out, the pie gets smaller and there would be a time limit. Director Wiggins asked for Blixseth to identify the properties within a time frame. Blixseth stated if he doesn't start applying for SFEs on property he doesn't own, in say 10 years, then the SFEs are out of the picture. Blixseth asked the Board to vote today and then meet to word smith the agreement.

***Director Rothschiller moved to approve 1,900 SFEs or equivalent gallons of effluent as determined by engineers and subject to working out identifiable properties. Director Ingraham seconded the motion. Via voice vote, motion passed 5 yea votes to 0 no votes as follows: Wiggins--yea, Rothschiller--yea, Cronin--yea, Ingraham--yea, Crowther--yea.***

Director Cronin reviewed the feasibility study and brought up the issue of PIF charges and whether Blixseth's Lone Moose Meadows properties should also pay the PIF. Director Ingraham feels it has to be a level playing field and if we have to make another concession, we will, but Lone Moose needs to help contribute to what everyone else is paying for. However, if fixed assets are figured in, that is okay. The Board concluded that all properties that the District serves should be in the District and annexing should occur all at the same time.

Director Radick was not able to attend this meeting as his father recently passed away. However, Radick wants to be involved in the YC agreement work session. Director Cronin will be gone for ten days and also wants to be involved in the work session. A work session will be set for a date to accommodate board members who want to participate.

With no further public comment, President Crowther called the meeting to order at 10:30 am.

### **OLD BUSINESS**

Long Term Compliance Work Plan: Snowmaking Project Bids--Edwards' concern is that the snowmaking costs are through the roof and the District would be better off spending the money in the meadow. The day of the bid opening, the engineers estimates were 5 million and the bids came in even higher. According to Edwards, the engineers blew this one and we don't have enough money to build the snowmaking plant. We need a better bang for our buck. After consulting legal counsel, Edwards recommended rejecting the low bid from Morgan Oswood and to talk to Larry VanDyke, as the lowest responsive bid, to see if we can redesign things to lower costs. Edwards would like to pull out the SBR or at least redesign and rebid in the fall. Director Ingraham recommended throwing out all bids. Edwards said the engineers contract calls for a redesign to be covered by the engineers if the bids are more than 10% of the engineers estimates. Wheat reviewed the contract provisions and the engineers could be directed to redesign.

*Director Ingraham moved to accept Mike Wheat's recommendation to reject Morgan Oswood's bid and accept the next lower bid from VanDyke and to instruct the engineers to work with VanDyke to get within 10% of the engineers estimates as submitted to the Board dated September 15, 1999. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

**Advanced Treatment Plant Land** Agreement--Edwards and Wheat discussed the agreement and reported that a new draft on arbitration procedure was sent to the District by Brian Gallik. Wheat noted that Simkins are now proposing a 103 1 tax free land exchange which shouldn't affect the District.

*Director Ingraham moved to accept the changes noted in a letter from Gallik dated June 21, 2000, contingent on counsel agreement and to not change the arbitration clause. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Crowther voting. Director Rothschiller was not present for this vote.*

Boundary Adjustment Request: Edwards reviewed Boyne's boundary request as presented at the June meeting. Wheat recommended that a deed restriction be done on the small parcel in Cascade to designate it as unbuildable and the Board agreed to the recommendation. At the next board meeting, Brian Wheeler will present what Boyne's plans are for development on Section 25. The Board tabled any decisions until Boyne's plan is presented to the Board.

### **AMEND AGENDA**

*Director Cronin moved to amend the agenda item 5. B. Legal Issues. Director Ingraham seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

## **LEGAL ISSUES**

Hall Litigation: Wheat will file the District's response to the first discovery request tomorrow. At some point, Wheat would like to ask the court for summary judgement to get the District out of this litigation. A document has been sent to Steve Barrett so that documentation on the properties affected by the Boyne surcharge will be tiled.

Neil Consulting The last offer of \$7,500 has not received a response from Neil Consulting. Wheat recommended a last offer be made in writing with a specific acceptance deadline and that the uncashed check will also be voided. Wheat will file an offer of judgement of what has been offered.

***Director Cronin moved to accept Wheat's recommendation. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.***

BSOA Agreement: Edwards read a letter from Russ DeRemer, BSOA Executive Administrator, requesting an additional change in the agreement.

***Director Cronin moved to accept the final change request. Director Ingraham seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.***

Big Sky Christian Fellowship: President Crowther asked for legal input. Edwards recommended \$50 month for the requested 150 sq ft of unfinished office space in the basement with the fellowship having a liability policy. *Edwards will write a letter to Don Loyd regarding the Board's decision.*

***Director Cronin moved to rent office space to the Big Sky Christian Fellowship for \$50 month for 150 sq feet of unfinished office space as discussed. Rothschilder seconded the motion. Motion passed, 5 yea to 0 no votes with President Crowther voting.***

West Berlin: Edwards updated the Board on what has been approved for this property by the DEQ. Per Wheat's recommendation, *Edwards is to send a letter to Berlin stating that Berlin has 15.53 water SFEs for development through an agreement with the District and permits will have to be applied for. Edwards is to record the agreement with Madison County.*

## **APPROVAL OF MINUTES**

***Director Cronin moved to approve the June 20, 2000, regular meeting minutes as written. Director Wiggins seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Crowther voting.***

## **FINANCIAL REPORT**

### June Financial Reports

Dutton presented the June financial report stating that budget goals have been met for the year end and that the District is on target with expenses. Auditors, Knaub & Co., will be here on August 7 to audit year end. The State Investment Pool yield for June is 6.43%. *Dutton recommended developing an asset replacement fund and he will work on a plan to present to the Board at the next meeting.* The budget includes \$10,000 for hydrant replacement. Notices were sent out to property owners with delinquent accounts.

*Director Rothschiller moved to accept the interim unaudited June financial reports. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

## **OPERATOR REPORTS**

### Sewer System Operations:

**Monthly Report--Edwards** reported that the year-to-date flows through June are about even where we were last year. Edwards has signed a repair work order that will add drain tiles to the section of road that collapsed, but the outfall line is in sound condition.

### Water System Operations:

**Monthly Report--The** production flows are higher than we anticipated, up about 16% from last year. There was a problem with Well #3 and, had it not been easily fixed, we would have run out of water. Irrigation restrictions are being enforced and if staff were not doing that, Muscat feels we would run out of water in the Meadow. Muscat believes we need to focus on improvements to the water system before we run out of water. Edwards stated that we need to bond the MV treatment plant and we can tack the water improvements on. The water facility plan estimated 1.5 million for some of the needed water improvements. *The Board would like the improvements prioritized and staff talk with State representatives about doing improvements separately or concurrently and then contact bond counsel to put together a bond resolution.* Edwards will distribute the water feasibility plan to the Board for review and comment. Muscat suggested starting the irrigation restrictions on June 1 instead of July 1. The names of second notice irrigation violators will be published in the paper.

**Meters--Edwards** has signed a purchase order with Sensus for 25 phone read meters that will be installed on houses that have Sensus meters. *The Board wants metering to be included in the water improvements bonding.*

**ISO:** Bob Stober is supporting the ISO, but nervous about it and wants the fire district geared up to answer all ISO questions. *President Crowther will follow up and get a written reply from the fire district on the ISO request issue.*

NEW BUSINESS

**SEWER & WATER PERMITS**

Status Report: Permits issued were included in the board packets. There are 195 SFEs for permitting.

General Correspondence: The Board discussed the BSOA resolution on the bond issue for the MV PUD.

*Director Rothschiller moved to allow President Crowther to vote affirmative on behalf on the WSD. Director Wiggins seconded the motion. Motion passed, 3 yea votes to 1 no vote cast by Director Ingraham. Director Cronin abstained as he was not familiar with the issue.*

**EMPLOYEE PAY SCALES**

Edwards suggested looking at ways to enhance the retirement/pension program. Dutton will pursue the pension end, such as 401K. Director Rothschiller suggested checking with A-Z or another auditing firm on this employee benefit. Edwards said that a 5% line item for employee compensation increases is in the budget and if compensation was greater, then line items would have to be changed. Director Ingraham is in favor of letting the manager make his recommendations up to 5% increase. *Edwards will prepare a compensation package for the Board's review at the August meeting.*

**LANDSCAPING**

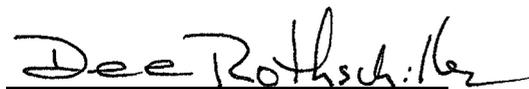
Director Rothschiller inquired about the landscaping along the highway corridor and requested *staff to take a look at the trees and to talk to Doug Starz about replacing the dead or near dead trees.*

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, August 22, 2000, at 7:30 am in the WSD community room. Marlene Kennedy will poll the Board to decide whether the meetings will be held at 7:30 am or 3:30 pm.

**ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 11:12 am. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes.*



Dee Rothschiller, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- June 20, 2000, 3:30 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Tuesday, June 20, 2000, in the WSD Community Room. President Jack Crowther, Secretary Dee Rothschilder and Directors Packy Cronin, Dick Wiggins and Skip Radick were present. Vice President Wendell Ingraham and Director Stewart Peacock were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Marcus Hibdon; Allied Engineering representative Terry Threlkeld; Meadow Village RID representative Al Malinowski; and Don Lloyd representing Skycrest Homeowners Association and Big Sky Christian Fellowship.

**PUBLIC FORUM**

President Crowther called for public comment at 3:40 pm.

On behalf of the Big Sky Christian Fellowship, Don Lloyd requested that the Board consider renting, for a nominal fee, a small portion of the unfinished basement in the WSD office building to their nonprofit group. Edwards noted, as required by the fire district, sprinklers must be installed prior to occupying the space. Director Radick stated that before the District enters into any nominal fee rental agreement because of nonprofit status, the Board needs to consider the precedence it may set. The Board will respond to the request at a future meeting.

Don Lloyd, representing the Skycrest Owners Association, expressed their concerns regarding West Berlin's development plans for the area next to the Skycrest Condominiums. After reading an excerpt on the subject from an article published in a local paper, Lloyd stated that the development plans far exceed the water use agreement with the District for 15.53 SFEs. The information presented in the article includes 51 secluded homesites plus a commercial area of boutiques, etc. Lloyd asserted that he is not anti-development, but proposed that the District not expand the executed agreement dated October 14, 1999, with Berlin and to keep the Skycrest Owners Association apprised of any activity on the issue. Edwards stated that he previously informed Berlin that a permit application will be required for each project in his development. According to Edwards, Berlin's cost share of legal fees to prepare the water use agreement have not been paid and, unless the legal fees are paid, no water permits will be issued. Edwards also informed the Board that Berlin did take ownership of the property.

Speaking for Jerry Scott on behalf of the soon to be formed Meadow Village Owners Association, Al Malinowski updated the Board on the MV RID status. Scott has received about 75% of the signatures needed to cost share on the WSD parking improvements in consideration of the MV businesses being able to use the parking area. It looks favorable for getting the needed signatures for going forward with a MV RID. And, at which point, a MV association board will be created to continue negotiations with the WSD to share in the parking improvement expenses. Malinowski expects the process to be completed by winter. Edwards expressed his preference to continue dialogue with one contact person, Jerry Scott,

as opposed to dealing with a MV board that would potentially complicate things. Malinowski stated that Scott would most likely remain the contact person, but the MV association board would ratify decisions. Director Rothschiller informed Malinowski that prior to BSOA participating in a 20-year bond for the parking improvements, BSOA membership approval would be needed.

With no further public comment, President Crowther called the meeting to order at 3:58 pm.

#### **APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the May 23, 2000, regular meeting minutes as prepared. Director Cronin seconded the motion. With no further discussion, the motion carried, 5 yea votes to 0 no votes with President Crowther voting.*

#### **FINANCIAL REPORT**

May Financial Reports: Dutton reported that he moved more money into the short term investment pool in Helena, the 25% limit as previously approved by the Board. The return for the month of April is about 6%. The District is basically on target with income and expenses and Dutton does not foresee any items that would change that. Dutton will send a letter to property owners with 90-day delinquent accounts as of June 30 that states "balances unpaid by the August 15 deadline will go to the tax roles for collection."

*Director Rothschiller moved to accept the unaudited May financial statements as presented. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

Insurance Coverage Review: Dutton reviewed the definition of earthquake coverage provided in our insurance policy. The District is covered in such an event and a copy of the paperwork is on file in the District.

FY 2000-2001 Budget: Dutton presented three proposed budgets: 1) \$1 reduction in user rates, 2) \$1.75 reduction in user rates, and 3) no change in rates. After discussion, the Board announced that without support of resort tax funding for water system improvements as applied for at \$45,000, the District would not be able to reduce rates. Edwards stated that a mailing, noticing a budget hearing, is required if there is a change in rates, either going up or down. Edwards recommended advertising in the local paper for a budget hearing with the rates staying the same. The Board approved publishing a notice of a budget hearing at 10:00 am on Friday, June 30, with no rate change in the budget. Marcus Hibdon, editor of the Lone Peak Lookout, stated that he could publish the advertisement this week if he received the information at the end of the meeting today.

#### **AMEND AGENDA**

*Director Cronin moved to amend the agenda to address item IV. E. Water Facilities Plan. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

## **WATER FACILITIES PLAN**

Terry Threlkeld, Allied Engineering, distributed and reviewed a plot of the existing system stating that there are realistic affordable solutions to improving the water system.

Recommendations will include using existing piping with the exception of new 10" main in several areas, providing more fire hydrants which follows fire code at 400' spacing, keeping the MV tank, upgrading the Sweetgrass tank to 400,000 gallons, adding a 500,000 gallon tank on the Simkins land, disconnecting and removing the Westfork tank, possibly adding additional backup power in MV, and eliminating the South Fork booster station.

The improvements will bring commercial, multi-family and single family up to code.

Threlkeld would not recommend increasing pressure over 150 psi due to potential failure of old pipes. Using 3 back to back maximum use days from last July, Threlkeld reported that the tanks don't have the time to refill when this happens. Looking at a 12-year planning period, Threlkeld stated that the wells will serve the District and then a new well will have to be drilled. Threlkeld is working on cost projections. Edwards would like to see a summary table on using the different flows of 2750 gpm and 2000 gpm for 2 hours.

Edwards also asked that the recommended improvements be rated, such as what to do 1st, 2nd, etc. Threlkeld will be recommending that money go to the tanks first.

Director Cronin would like get approval from the fire district on grandfathering in areas that don't meet their code, but have new development do what they can to comply.

Threlkeld reported that Simkins have said they are doing their own water system for Section I. As the District proceeds to finalize the water facilities plan, the Board would like something in writing from Simkins on Section I that they do not want to be included. *Edwards is to write a letter to Simkins asking what they are planning in terms of the District working on the model.*

Threlkeld will provide the District with ten copies of the final draft of the water facilities plan on Friday, June 23. He requested that Board and staff members review the draft and get back to him with needed changes.

Threlkeld informed the Board of a new EPA ground water disinfection rule that the State will adopt in November with a three-year implementation deadline. UV treatment will be acceptable as an alternative to chlorine treatment. The radon testing results may be a problem.

Threlkeld reported on the outfall line landslide engineering. Edwards plans to hire Larry VanDyke to do the work in addition to some warranty work.

## **OPERATOR REPORTS**

### Sewer System Operations:

**Monthly Report--Grant** Burroughs reported on the flows, cleaning of lines and that the 12" thrust block for irrigation was damaged during the parking lot excavation. The thrust block should be easily fixed. President Crowther received a call last week from a Park Condo owner reporting that there was a slight smell from the irrigation water, different from when odor was a real problem.

Water System Operations:

**Monthly Report--Jim** Muscat distributed and reviewed the flow reports. Irrigation water use has increased flows with even higher flows on dry days. Extensions for Crail Creek and Cronin Business Park are done. Cascade's sulphur tests came back with normal high ratings with well #5 looking better than well #6. Gaston Engineering will be looking into treatment costs. If water quality is not acceptable to the District, a replacement well will be required. Edwards and Muscat have talked with Brian Wheeler regarding the District's requirement of one good well. During leak detection, substantial leaks were found on the mountain on the District's well #3 and the clear well. Repairs will be done to fix the leaks. Westfork Meadows area has reported low pressure. The tank is full, so it is simply a low pressure situation in Westfork. Edwards reported that a purchase order for telemetry on Aspen Groves has been completed and it is scheduled to go in this summer. The District will buy the equipment as compared to leasing. Yellowstone Mountain Club water line installation should be started next week. The Board will discuss this issue later.

**ISO Request--**Edwards reported that on June 19 he discussed the request to ISO to come to Big Sky to update their rating on the water system with Fire Chief Bob Stober. Stober sounds supportive of getting ISO to Big Sky and Edwards expects Stober to sign the joint request as long as the fire district is prepared to answer all of ISO's questions.

**OLD BUSINESS**

**ROEPNACK CONNECTION CHARGE REFUND REQUEST**

Edwards recapped Roepnack's request for a reduction in inspection fees of \$500, recommending not to reduce the fees.

**Director Rothschilder moved to not adjust Roepnack's \$500 connection/inspection fee, per Edwards recommendation, for the permit issued to Roepnack for his new shop with a guest apartment. Director Radick seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Crowther voting.**

**PAY SCALE REVIEW**

Dutton reviewed a chart of pay scales he prepared based upon average comparisons at public institutions and resort areas. The general manager position was done more on a contract basis. Adjusting to the annual minimum would be an increase of \$18,000, the District has budgeted \$9,000. Dutton reported that all of the public institutions pay 100% of insurance; retirement averaged higher than PERS; and the leave days for vacation, sick leave and holidays were similar. Director Radick asked if this comparison included comparisons on size of district, employees, etc. Dutton only compared budgets. For budget purposes, Edwards said the cash carry over, along with changing the depreciation, could fund compensation increases without adjusting the budget which is to be reviewed and approved next week. The Board will discuss this issue at the next regular meeting.

**LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

**Snowmaking:** Edwards held the prebid meeting yesterday with 11 people attending, some being subcontractors. The bid opening is June 29 with two schedules in case the bids come

in high. Area banks have been contacted for construction loans with American Bank and Big Sky Western to give us proposal. InterCap loan is also being explored, with Edwards and Dutton to make a pitch on June 29 to their board. A construction loan could be done and then refinance the project with InterCap. The engineers' estimates are 4.2 million. Ray Armstrong will address a few issues of concern from Todd Teegarden. A preconstruction meeting will be held.

Advanced Treatment Plant: Edwards has talked to Westland TM on the language for the landscaping plan in the agreement. If both parties cannot agree on the landscaping plan, it will go to arbitration as provided in the agreement.

### **YELLOWSTONE MOUNTAIN CLUB AGREEMENT**

Edwards reported on the feasibility study. The Yellowstone Club, Bob Sumpter, wants the 500 to 1,000 SFE capacity consideration even if they don't use it directly for the Yellowstone Club, but to use it where ever they want. Director Radick commented that the SFEs should not be renegotiable, the concession was to allow Lone Moose 1,000 SFEs and an amount of SFEs for Yellowstone if feasible. Edwards stated that the agreement only includes commitment of capacity for Lone Moose Meadows. The Board supported the first draft agreement and it remains the Boards' position on the SFE commitments.

### **LEGAL ISSUES**

Cronin Litigation: Edwards has talked to Mike Wheat and Wheat supports the suggestion to block the class action move.

Hall Litigation: Discovery request was received and a 90-day extension will be requested for response.

Neil Consultants: The District received a "no thanks" response letter to the \$5,000 settlement offer from the District. Edwards and the Board discussed a take it or leave it offer of \$7,500.

*Director Radick moved to offer \$7,500 to Neil Consulting. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

### **ORDINANCE 97-1002 AMENDMENT (Third Reading)**

*Director Radick moved to approve Ordinance 97-1002: Public Sewer and Water System Rate Ordinance as amended. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

### **SUMMIT HOTEL**

As a follow up to the May meeting, Edwards sent a letter to the State asking to be informed on future approval of occupancy for the Summit Hotel.

### **RESORT TAX DISTRICT APPLICATION**

The District's request for water system improvements was not funded. A roll over of \$6,000 for stream water quality monitoring work was approved.

### **OFFICE BUILDING PROJECT**

Edwards reported that the paving work is being done, but weather has been a slow down.

### **NEW BUSINESS**

#### **SEWER & WATER PERMITS**

Status Report: Edwards reported on the permit applications received and the permit issued.

#### **BOUNDARY ADJUSTMENT REQUEST**

Boyne has requested a boundary adjustment, they would like to take the southern 1/4 of Section 30 and one lot in Section 19 out of the District and include a 1/4 of Section 25 (the area near the maintenance/storage area by Moonlight). There is not much net difference in property. Edwards distributed a legal opinion dated June 16 from John Brown for the Board to review. The Board discussed the possibility of annexing in Section 25, but not eliminating Section 30 due to the precedence it would set and also to not increase Boyne's SFE capacity for the new property. *Edwards is to send Boyne a letter stating the Board's discussion and ask for a written proposal.*

#### **NEXT MEETING**

The Board meeting will be changed to mornings for the summer. The next Board meeting is tentatively scheduled for Tuesday, July 18, 2000, at 7:30 am in the WSD community room.

#### **ADJOURNMENT**

*Director Radick moved to adjourn the meeting at 6:45 pm. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes.*



Dee Rothschilder, Secretary

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date 06/19/2000

The Board of Directors at its 06/19/2000 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	May 31, '00
Assets:	<u>\$ 19,485,654</u>
Liabilities	<u>\$ 8,896,957</u>
Equity	<u>\$ 10,588,697</u>

2 Income Statement as of	May 31, '00
Total Revenues	<u>\$ 190,303</u>
Total Expenses	<u>\$ (73,920)</u>
Net Revenues	<u><u>\$ 116,383</u></u>



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Jack Crowther, President

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date 05/23/2000

The Board of Directors at its 05/23/2000 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>04/30/2000</b>
Assets:	<u>\$ 19,292,268</u>
Liabilities	<u>\$ 8,822,000</u>
Equity	<u>\$ 10,470,268</u>

2 Income Statement as of	<b>04/30/2000</b>
Total Revenues	<u>\$ 169,039</u>
Total Expenses	<u>\$ 106,642</u>
Net Revenues	<u>\$ 62,397</u>



\_\_\_\_\_  
Jack Crowther, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- May 23, 2000, 3:30 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Tuesday, May 23, 2000, in the WSD Community Room. President Jack Crowther, Vice-President Wendell Ingraham, Secretary Dee Rothschiller and Directors Stewart Peacock and Packy Cronin were present. Directors Dick Wiggins and Skip Radick were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Audrea Coury; MSE-HKM representatives Ray Armstrong and Jim Braley; and Pinewood Hills property owner Paul Roepnack.

**PUBLIC FORUM**

President Crowther called for public comment at 3:30 pm.

Paul Roepnack requested a reduction of the \$500 hookup fee he paid for a connection permit for his guest house above the garage. Roepnack questioned whether that fee was appropriate as he believes it should be a remodeling fee of \$50 instead of \$500 for inspection connection. Edwards explained the reason for the \$500 charge as it being a new separate line that will require District inspection even though it is tying into Roepnack's existing line on his lot that provides service to his house. *Edwards will prepare a report for the Board to review along with the ordinance so that they can respond to Roepnack's request at the next board meeting.*

With no further public comment, President Crowther called the meeting to order at 3:45 pm.

**APPROVAL OF MINUTES**

*Director Peacock moved to approve the April 18, 2000, regular meeting minutes as written. Director Cronin seconded the motion. Motion carried, 5 yeas votes to 0 no votes with President Crowther voting.*

**FINANCIAL REPORT**

April Financial Reports: Dutton reviewed the financial reports, providing explanations on several accounts. The MOU CD came due in May, a portion was used for the building account and the rest was used in renewing the CD. Dutton reported on the intercap loan process and the reason for the delay in receiving an application for the snowmaking project. Edwards and Dutton will also explore a bank loan for snowmaking.

*Director Rothschiller moved to accept the unaudited April financial reports. Director Peacock seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Crowther voting.*

FY 2000-01 Preliminary Budget: Dutton reviewed the preliminary budget for FY 2000-01, explaining the reserve funds. The sewer operations increase is mainly due to power supply costs. The reason for the budget difference in water operations is that the Cascade system

did not come on line this year as expected. Water and sewer operations total 8.68% over last year's budget. With no hard rules on calculating depreciation, Dutton projected the sewer operation depreciation schedule at \$434,000. Edwards suggested that a small decrease in sewer fees of \$1.00 per SFE, netting \$35,000, could be covered through the depreciation schedule. The depreciation on water is a little thinner and Edwards recommended not changing the water operations depreciation schedule. The Board would like to consider a sewer rate reduction if the reserve fund of 1.2 million is now sufficient. *Edwards and Dutton will prepare a draft budget with a sewer rate reduction and fax it to President Crowther and Director Ingraham for review prior to the June board meeting.*

### **OPERATOR REPORTS**

#### Water System Operations:

**Monthly Report**--Muscat distributed and reviewed his drinking water operations report. Leak detection on the mountain is done with a few substantial leaks located. *The Board asked that Edwards distribute the leak detection report at the next resort tax board meeting and address the issue with the resort tax board.* The culvert work on Little Coyote Road near the treatment plant is done, the water service line to the maintenance building is in, and the 4" water line to the District building has been installed. The District will try to work with the Fire District to get a system in place that would notify future construction projects, prior to construction, if a fire sprinkler system is required. Edwards is to ask the county for some sort of control factor, possibly listing applicable conditions on their land use permits when they are issued. Cronin suggested having a section on the District's connection/inspection permit that asks if a sprinkler system is required by the Fire District. *Edwards is to follow up with the county on this issue.*

**Cascade Water System Transfer**--Water quality tests for wells #5 & #6 were done. Test results reported very high sulphide. The District may retest the wells to see if the results are consistent. The District will probably have Boyne drill a new well, although Edwards would not require two wells.

### **AMEND AGENDA**

*Director Ingraham moved to amend the agenda to address item IV. D. 1.--Cronin Litigation. Director Rothschilder seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

### **LEGAL ISSUES**

Cronin Litigation: Via telephone, legal counsel Max Davis and Tiffany Lonnevik updated the Board on the amended complaint and discussed the class action aspect of the complaint. The judge has to specifically certify a class action and Davis doesn't know if the judge has done that yet. The question of whether the fees can be justified will be challenged. Davis is satisfied that the fees are reasonable and can be defended. A trial date scheduling conference will be next week--possibly going to trial at the end of the year. The insurance company is aware of the amendment and if there is some coverage limitation, it is up to them to notify the District. Needing directive from the Board, Davis and Lonnevik asked the Board if they want to oppose the class action. If the class action goes through, the insurance would cover the refund. *Edwards will discuss the issue with Mike Wheat. If*

*Wheat opposes Davis' opinion, he will poll the Board. Edwards will contact Davis tomorrow on the Boards' decision after consulting Mike Wheat. Lonnevik will ask for an extension from Wittich if needed.*

## **OPERATOR REPORTS**

### Sewer System Operations:

**Monthly Report**--Burroughs reviewed the flow comparison report. The mountain is flowing a little bit higher than at this time last year, Burroughs believes that this is due to all the construction and growth as he has not seen much in the line of I & I on the mountain. Pond #3 is full with about 1" capacity remaining. The golf course started watering the greens today and, depending on irrigation needs, the treatment plant will probably be restarted next week. There is enough pond capacity to last into July without irrigation. Burroughs believes that the ponds will be emptied with irrigation and does not anticipate any problems.

**Outfall Line**--Burroughs reported that there was a major landslide on the outfall line, losing part of the road. Burroughs recommended that the District hire a geotech person. Burroughs will hire a person to inspect the pipe for deflection. The District can repair the minor slides using their backhoe. Edwards said when we get a contractor on board for snowmaking, we could hire that contractor to bring fill to the outfall line road, about 1,000 yds. There are some minor things that Van Dyke Construction will need to come back and fix, with the manhole settling being a warranty item.

## **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Snowmaking: Ray Armstrong reported that the plans are into the State DEQ and Building Department with bid advertisements possibly going out next week. The award would not be done until state approvals are received. Armstrong has talked with Todd Teegarden and doesn't believe there are any problems with receiving approval. A deviation for a grit removal system has been requested. According to Armstrong, the state will require a site title agreement. Edwards said a survey crew will need to survey and a quit claim will have to be done. *Armstrong is to figure in the area for a grit removal system in case it is ever needed.*

Armstrong and Edwards reviewed MSE-HKM's request for a contract increase of \$228,400 for the snowmaking project. Due to subcontracting with Delta Engineering, the total engineering costs do not fall within the usual 12-15% of project costs. Armstrong noted that MSE-HKM has not taken any profit on engineering subcontractor work. Edwards reported that in a January conversation with Armstrong, he was informed that engineering costs were running \$50-70,000 higher than anticipated, not \$228,400. Edwards and the Board members wanted to know why a change order for additional costs was not submitted. Armstrong takes the blame for not getting to the District earlier for the additional costs. Edwards recommended a contract increase of \$114,590 by doing a change order for the \$48,316 inspection costs, \$49,000 for the subcontractors and \$17,273 to MSE-HKM for additional engineering. Edwards stated his concern over the delay in going to bid and the possible effect on project costs.

*Director Rothschiller moved to approve the \$114,590 as stated in Edwards manager's report and to work with MSE-HKM to save money in other areas. Director Ingraham seconded the motion. President Crowther called for discussion. Director Cronin stated that attempts to save money should be part of the original contract. Motion passed, 5 yeas to 0 no yeas with President Crowther voting.*

Advanced Treatment Plant Land Agreement: Edwards commented on the letter from Westland/TM's representative Brian Gallick, dealing with landscaping and road maintenance for the advanced treatment plant. Edwards asked for Board comment on the language presented. The Board agreed with the language with the exception of "their approval". Board members stated that the District will try to do the best they can for the community and input from Westland/TM on the landscaping will be accepted.

*Director Ingraham moved to accept Gallick's letter of April 20, 2000, with the exception of the word "approve". Director Cronin seconded the motion. Motion passed, 5 yeas to 0 no yeas with President Crowther voting.*

#### **YELLOWSTONE MOUNTAIN CLUB AGREEMENT**

Armstrong reported that MSE-HKM Engineering is about one-half day from finalizing the feasibility study that is being done in conjunction with Morrison-Maierle, the engineers for Yellowstone Mountain Club. According to Edwards the agreement has not been reviewed by Yellowstone Mountain Club or their counsel. Edwards needs to plug costs into the agreement and asked that the Board review the document and get back to him if changes are needed. Armstrong is to tally all engineering costs and submit it to the District. The District will then collect from Yellowstone Club for a 50/50 share of engineering costs. Edwards needs to formalize an exhibit for the land and make the use restricted and, then, have the signed document recorded. Edwards still needs to hear from Mona Jamison and after receiving comments from the Board and legal counsel, the agreement will be presented to Glen Wood of Yellowstone Mountain Club. A task force comprised of Edwards, Armstrong and Director Cronin was established to work on the agreement to make sure the agreement is done right with all the answers on this complex issue addressed.

#### **WATER FACILITIES PLAN**

Edwards will invite Terry Threlkeld, Allied Engineering, to the next Board meeting to present the water facilities plan.

#### **LEGAL ISSUES**

Neil Consulting Litigation: Edwards has not heard from Neil's attorney. John Brown will talk to their attorney. *Edwards, via District legal counsel, is to send a letter to Neil's attorney that states the settlement offer is good until Friday, May 26,*

#### **DISTRICT ORDINANCES & RESOLUTIONS**

Ordinance 97-1002: *Director Rothschiller moved to accept the second reading of Ordinance 97-1002, Public Sewer and Water System Rate Ordinance. Director Ingraham seconded the motion. Motion passed, 5 yeas to 0 no yeas with President Crowther voting.*

### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

Edwards reported on the partial occupancy of the Summit Hotel and lack of notice. *Edwards is to acknowledge occupancy and to ask for notice to be advised on future occupancy.*

### **RESORT TAX DISTRICT APPLICATION**

The resort tax meeting is tomorrow at 1:00 pm.

### **OFFICE BUILDING PROJECT**

Edwards presented the following issues for Board consideration and approval: 1) Include paving to the storage building at an additional cost of \$26,304. 2) Change the original fencing plan that was to tie into the sides of the office building, to tie the fence into the treatment plant corners with the ponds still being fenced. A property owner asked if the ponds could be screened better. After discussion, the Board recommended that the chain link fence be installed, tying into the treatment plant corners. 3) Edwards asked if he should proceed with installing a basement sprinkler system even though the District still has not received a letter from Fire Chief Stober regarding requirements of the system. The Board authorized Edwards to proceed if the District receives a letter from Stober within two weeks. 4) Edwards recommended expanding the office building landscaping plan and to include an irrigation sprinkler system. Edwards has contacted Doug Starz for landscaping and Scott Savage for the irrigation system. The Board approved the recommendation with caps of \$5,000 and \$3,5000, respectively.

*Director Peacock moved to approve the additional paving at \$26,304, installing the chain link fence at \$1,000, installing a basement sprinkler system if Stober's letter is received within 2 weeks, expanding the landscaping plan capping at \$5,000, and including an irrigation sprinkler system capping at \$3,500. Director Ingraham seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

### **NEW BUSINESS**

#### **SEWER & WATER PERMITS**

Status Report: Copies of applications received and permits issued in the last month were included in the board packet.

Pines Condominiums: *Director Ingraham moved to approve the two applications for The Pines Condominiums at 5.6 SFEs each. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

#### **BUDGET HEARING**

Edwards suggested holding a budget hearing for the FY 2000-2001 budget in conjunction with the June board meeting. Notice is not required if there is no budget increase.

#### GENERAL CORRESPONDENCE

Irrigation Agreement: Edwards distributed the memo from Russ DeRemer, BSOA, regarding the irrigation agreement for the park. *The Board directed Edwards to seek legal review and comment from Mike Wheat and, if he approves, make the changes as requested.*

No board action was required on other general correspondence.

#### PAY SCALE REVIEW

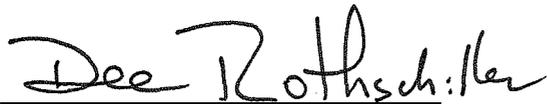
In response to previous discussions on base pay rates, Dutton distributed a pay scale summary comparing other utility services in the area with positions held by Muscat, Burroughs, Dutton and Edwards and asked that the Board address the issue at the next Board meeting. Director Ingraham suggested that more research be done on comparisons with public entities, not just private entities, and that the entire compensation package of health, days off, etc., also needs to be compared. President Crowther asked that comparisons with other resort areas be done.

#### NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, June 20, 2000, at 3:30 pm in the WSD community room.

#### ADJOURNMENT

*Director Rothschiller moved to adjourn the meeting at 7:45 pm. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

  
Dee Rothschiller, Secretary

5-23-00.min (Board Approved 6/20/00)

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- April 18, 2000, 3:30 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Tuesday, April 18, 2000, in the WSD Community Room. President Jack Crowther, Vice-President Wendell Tngraham and Directors Stewart Peacock, Packy Cronin and Dick Wiggins were present. Secretary Dee Rothschiller and Director Skip Radick were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Neil Hetherington; Boyne representative Taylor Middleton (left at 3:45 pm) and Fire District representative Dick Wambsgans (arrived at 4:00 pm).

President Crowther called for public comment at 3:40 pm.

**PUBLIC FORUM**

Taylor Middleton explained and apologized for his quoted comments in the Sunday, April 16, edition of the Bozeman Daily Chronicle. Taylor commended the WSD Board on the fantastic job they have done thus far on negotiations. Boyne and Taylor believes that the WSD is the driving force in getting the work done with Yellowstone Club for an alternative to discharging in the Gallatin River, not he or Boyne.

With no further public comment, President Crowther called the meeting to order at 3:45 pm.

**APPROVAL OF MINUTES**

*Director Peacock moved to approve the March 21, 2000, regular meeting minutes as written. Director Wiggins seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Crowther voting.*

**FINANCIAL REPORT**

October Financial Reports Dutton recapped the financial report provided in the board packet. Director Ingraham questioned the lease payments on the telemetry. Edwards and Dutton explained the current leases and offered that the District could look into outright buying the telemetry instead of leasing. If purchased, however, they would not have a warranty, etc. Overall, the District is on target with operating revenues, and favorable with operation expenses and net operating revenues.

*Director Ingraham moved to accept the unaudited March financial reports as presented. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

FY 2000-01 Preliminary Budget Dutton briefly summarized the preliminary FY 2000-01 budget including, \$219,744 in operating contribution to reserves. The proposed 8.09% increase in expenses from last year is due to increased depreciation from taking on a lot of new water and 'sewer system assets. *The budget committee, comprised of Directors Ingraham and Radick and President Crowther, will meet to review the preliminary budget*

*prior to the May board meeting.* Edwards noted that if there is not a budget increase, then the District does not have to hold a public meeting. Director Ingraham would like to *review a WSD policy on establishing reserves.*

### **OPERATOR REPORTS**

#### Sewer System Operations:

**Monthly Report--Grant** Burroughs started the filtration treatment plant this week.

According to the flow reports, we are looking good now and do not anticipate anything different from last year, other than possibly lower flows from last year. The resort is shutting down Easter Sunday and the flows from the mountain should drop off then.

#### Water System Operations:

**Monthly Report--The** production report looks good, being up on the mountain and lower in the meadow. Starting May 15, leak detection will start at the mountain. The resort tax request is for leak detection and repair on the mountain. The District should see a drastic reduction in flows on the mountain after leak detection and repair. Muscat will try to control summer irrigation through educating consumers about conservation.

**Water System Transfers--Cascade:** Muscat will meet with Gaston engineering next week on the preliminary drawings to finish the Cascade system.

### **OLD BUSINESS**

#### **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Snowmaking Project Status: Edwards announced that the bid award should be the first week in June. Edwards distributed a memo from Betsy Griffing, Jamison Law Firm, dated April 17 about funding. According to Griffing, an election may not be required if bid estimates do not come in higher than engineers estimates. The District will not be making snow for the coming winter 2000-2001. Under the current Department of Environmental Quality (DEQ) compliance order we have until 2002 to comply. Director Ingraham suggested asking DEQ for an additional extension as the District is working on all the additional storage capacity, i.e. snowmaking and Yellowstone Club agreement. The Board recommended delaying an extension request until agreements are signed and contracts are awarded.

#### **YELLOWSTONE MOUNTAIN CLUB**

Edwards has a copy of the draft wastewater feasibility study prepared by Morrison-Maierle and MSE-HKM. Edwards has been working with John Brown on a draft agreement. Once a good working draft agreement is prepared, *Edwards will send it to Mona Jamison and the Board members for review.* If needed, a special board meeting will be scheduled to address this issue.

#### **WATER FACILITIES PLAN**

Report on Joint Fire District Meeting: Edwards reported on the follow up meeting with tire district representatives and WSD staff to address fire storage. The outcome criteria of

2,750 gpm for two hours with the tanks 3/4 full will be formalized in the facility plan by Allied Engineering. Edwards distributed a chart which showed that, under this criteria, the MV system is still about 92,000 short in fire storage. Credit against storage can be improved with back up power supplied to additional wells. This criteria will need to be applied to the Mountain water system, too. Allied Engineering will identify the District's options to deal with such deficiencies in the water facilities plan.

Edwards offered to contact ISO to rate our water system and the fire department for fire protection. Referencing the discussion at the WSD March meeting, Dick Wambsgans thinks the ISO should be contacted. *The Board directed Edwards to communicate with Bob Stober and then with ISO for getting fire ratings for the community.*

### **LEGAL ISSUES**

Cronin Litigation: Edwards reported that legal counsel Max Davis has presented another discovery request.

Hall Litigation: Mike Wheat answered the complaint and filed a counter claim to make someone liable for the Boyne Surcharge. The Board would like a counter claim filed that recovers legal fees whether or not Hall wins. Boyne needs to compensate the District for any legal fees on this issue. *The Board directed Edwards to make sure that the legal fee issue is included in a counter claim.*

Discharge Permit: Edwards met with Greater Yellowstone Coalition and Surfriders Association on April 17 and updated them on where the District is in regards to working with Yellowstone Club for spray irrigation land as an alternative to discharge. Edwards explained to the groups that the District will still be looking at an emergency discharge to provide a legal means of discharge in the event of a wet year. At the meeting, Edwards reiterated that the discharge is the last resort but the District needs to plan for an emergency. The motivation of the Board to look at alternatives to discharge is not because of the lawsuit, the Board is motivated by serving the best interests of the community.

Section 31--Westland/TM: The draft agreement from Gallick gave Westland/TM too much control on the landscaping, they have been requested to rework it with a standard landscaping plan. Once the District and Westland/TM agree on landscaping language, the agreement can be signed.

### **DISTRICT ORDINANCES & RESOLUTIONS**

Ordinance 00-1001, Increase of SFEs for Permitting (Second & Final Reading)

*Director Ingraham moved to waive the second reading and to approve Ordinance 00-1001, releasing an additional 200 SFEs, as presented. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

Ordinance 97-1001, Wastewater Use Ordinance, Amendment (Second & Final Reading)

*Director Ingraham moved to waive the second reading of Ordinance 97-1001, Wastewater Use Ordinance, and approve the amendment as presented. Director Peacock seconded*

*the motion. Motion passed via role call voice vote of 5 yea votes to 0 no votes as follows: Cronin-yea, Wiggins--yea, Peacock--yea, Ingraham--yea and Crowther-yea.*

Ordinance 97-1002, Public Sewer and Water System Rate Ordinance, Amendment (First Reading) Edwards reviewed the proposed amendments to Ordinance 97-1 002.

*Director Ingraham moved to accept the first reading of the amendment to Ordinance 97-1002, Public Sewer and Water System Rate Ordinance, as discussed. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

### **PROPOSED DEVELOPMENTS AND SUBDIVISIONS**

Edwards reviewed the correspondence in the board packet on South Fork IV, Bear Back 2 Lot Minor, Cronin Business Park and Westland/TM Section 1 PUD. According to Table 3.01, there may not be enough SFEs allotted. The Board may have to revisit and amend the table in the future.

### **RESORT TAX APPLICATION**

The Board commended Edwards on the District's resort tax application. The next resort tax meeting is on May 3 and Edwards will represent the District. Edwards reported that the amount available is close to 1.4 million.

### **OLSON REFUND REQUEST**

Edwards explained the issue on the hot tub refund, spurred by previous communications with Bill Olson. According to Bill Dutton, there are only five sewer permits involving plant investment charges paid for hot tubs previous to amending the ordinance. Director Wiggins thought that he paid PICs when he built his house. *District staff will review Wiggins' file to see if the refund is applicable on this property.*

*Director Ingraham moved to approve the request for refund of plant investment fees according to Edwards recommendation dealing with hot tubs. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

### **WATER QUALITY DISTRICT**

*Director Ingraham moved to not request or sponsor an effort to join in or form a water quality district for Big Sky. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

### **NEW BUSINESS**

#### **SEWER & WATER PERMITS**

Status Report: Edwards reviewed his summary provided in the board packet.

Crail Creek: *Director Ingraham moved to approve the two Crail Creek sewer and water applications at 5.6 SFEs each. Director Cronin seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

**LEGAL ISSUES**

Neil Consultants: Citing costs to litigate, Edwards has requested John Brown to call Neil's attorney to ask if settlement is possible with another \$5,000 payment. We have already given Neil a check for \$13,000 that they have not yet cashed. Edwards has sent the lawsuit to our insurance company for a decision on D & O coverage.

**WESTFORK SFE ALLOCATION**

Edwards reviewed his letter and charts to Craig Reichstetter on the SFE situation with Reichstetter's properties and the ability to reallocate SFEs from Westfork property to the tennis courts property as potential buyers are exploring the developing possibilities. *The Board recommended Edwards to use a 10% buffer in his analysis.* Responding to Board inquiry, Edwards has not had legal counsel review his analysis.

**GENERAL CORRESPONDENCE**

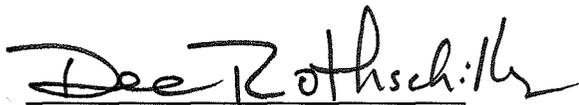
The Board reviewed the general correspondence with no board action being required.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, May 16, 2000, at 3:30 pm in the WSD Community room.

**ADJOURNMENT**

*Director Peacock moved to adjourn the meeting at 5:55 pm. Motion passed, 5 yeas votes to 0 no votes.*



Dee Rothschild, Secretary

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date 03/18/2000

The Board of Directors at its 03/18/2000 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>03/31/2000</b>
Assets:	<u>\$ 19,235,735</u>
Liabilities	<u>\$ 8,832,296</u>
Equity	<u>\$ 10,403,438</u>

2 Income Statement as of	<b>03/31/2000</b>
Total Revenues	<u>\$ 389,396</u>
Total Expenses	<u>\$ 108,119</u>
Net Revenues	<u><u>\$ 281,277</u></u>

  
\_\_\_\_\_  
Jack Crowther, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- March 21, 2000, 3:30 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Tuesday, March 21, 2000, in the WSD Community Room. Vice-President Wendell Ingraham, Secretary Dee Rothschiller and Directors Stewart Peacock and Packy Cronin were present. President Jack Crowther and Directors Dick Wiggins and Skip Radick were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat and Marlene Kennedy; MSE-HKM representative Ray Armstrong, Allied Engineering representative Terry Threlkeld; Gallatin Canyon Fire District representatives Bob Stober, Kirk Dige and their consultant Chuck Winn; Westland/TM representative Bill Simkins and their engineer Jim Cummings from TD&H Engineering; also present was Sweetgrass Hills lot owner Tom Fritz.

With no public comment, Vice-President Ingraham called the meeting to order at 3:40 pm.

**APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the February 15, 2000, regular meeting minutes as written. Director Peacock seconded the motion. Motion carried, 4 yea votes to 0 no votes with Vice-President Ingraham voting.*

**FINANCIAL REPORT**

October Financial Reports: Bill Dutton reviewed the financials, noting that Boyne has been billed for the \$250,000 payment due in April. Vice-President Ingraham asked about the installment due on the Summit. Edwards reminded the Board that Brian Wheeler asked for partial payment of user fees in November. *Now that the Summit is occupied, the Board directed Edwards to write a letter to Boyne on the last payment of \$313,380 being due. The letter is to also update Boyne as to where the District is in amending the ordinance in regards to billing of user fees on large projects. There are no unexpected expense accounts out of whack! The restricted reserve funds will be used for snowmaking. Dutton is to footnote large projects that will be coming on line.*

*Director Peacock moved to accept the unaudited February financial reports as prepared and dated 3/21/00. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice-President Ingraham voting.*

Budget Fiscal Year 2000-01: A draft budget will be presented to the Board at the April meeting with Vice-President Ingraham and Director Radick assisting in the preparation. *Vice-President Ingraham will inform Director Radick of his participation.*

Health Care Insurance Coverage Policy: Dutton explained the differences between the current United Health Care Insurance policy and the former coverage provided by Blue Cross/Blue Shield. In the process of self-insuring, the District has reduced its monthly costs by \$986 and asked the Board to approve a District policy that would provide self-insurance reimbursement coverage of 80/20, making it similar to what was provided under Blue Cross/Blue Shield.

*Director Cronin moved to approve the Group Health Care Insurance Coverage Policy No. 1 as presented. Director Rothschiller seconded the motion. Motion passed, 4 yeas votes to 0 no votes with Vice-President Ingraham voting.*

#### **AMEND AGENDA**

*Director Peacock moved to amend the agenda to address item N. Old Business, D. Gallatin Peaks Town Center. Director Cronin seconded the motion. Motion passed, 4 yeas votes to 0 no votes with Vice-President Ingraham voting.*

#### **PROPOSED DEVELOPMENTS/SUBDIVISIONS**

Gallatin Peaks Town Center (Section 1): Edwards updated the Board on the Gallatin Peaks PUD (Westland/TM) and their request to tie into the Meadow Village water system for Phase I. There are 346,000 gallons available today with the current system and Phase I proposed improvements will make 483,000 gallons available. Engineering reports prepared by TD&H and MSE-HKM for Westland/TM were provided in the board packet. Edwards stated that there are no hard, fast rules on what is required for fire storage, and the District needs to decide what is acceptable. Edwards believes that some sort of credit should be allowed for the backup power on the two meadow village wells and the District can write a letter concurring with Phase I tie in to MV based on past reports and requirements of 240,000 gpm and make the improvements part of the condition.

Gallatin Canyon Fire District representative Chuck Winn distributed and reviewed their handout titled Water Supply Situation Status dated 3/21/00. The fire district wants a guarantee that there is adequate water supply for fire protection. They don't feel that the meadow wells with backup power should be considered as a source for both domestic supply and fire storage. Fire district representatives stated that they gave their approval of Phase I based on their assumption that Phase I was to have a well and tank.

Quoting fire district studies, Edwards reported that 240,000 gallons per minute for two hours has been the requirement. According to Stober, their requirement has changed because of development and domestic supply eating into fire storage, which is not adequate in the Meadow Village. Edwards noted that most correspondence and studies have said the problem is with delivery, not storage and that it is a real gray area on how to calculate fire storage. Vice-President Ingraham stated that, in his history on the Board, this is the first time he has heard from the fire district that there is inadequate fire storage.

Threlkeld has been looking at how much water the wells can make, hydrant demand, and storage and reported on his standard of practice. Reviewing Gallatin Peaks' proposed improvements, Threlkeld said the system is barely adequate without credit for backup power supply and when it comes to storage, it doesn't meet the most conservative way. However, it will meet DEQ minimum standards as DEQ requires either average day or fire storage be used. Everybody has a different way of adding to the fire reserves and Threlkeld needs to know from the Board how it is to be evaluated for the water facility plan as fire flows and fire storage drives costs. Edwards read excerpts from two fire district studies and both reports used 240,000. Threlkeld believes that was a number less than what would be required in a restrictive situation.

Jim Cummings and Bill Simkins were in attendance to hear what the fire district wants and to evaluate what is achievable. According to Cummings, Gallatin Peaks has two choices: 1) to connect to Meadow Village system and work on improvements that would be beneficial to Meadow Village, Westfork and South Fork; or 2) to independently develop their own water supply system. Cummings reported that commercial development and homes over 3,600 sq. feet will be sprinkled. Cummings reviewed his handouts regarding Phase I, including a written response from Insurance Services Office (ISO) offering to come to Big Sky to provide free fire protection ratings and a DEQ letter addressing **water** system storage minimum standards. Cummings stated that to deliver the flows the fire district is talking about, a 16" line would be needed.

Ray Armstrong commented that whether or not Gallatin Peaks comes on line, the fire flow won't be worse. The DEQ minimum standards of either fire flow or peak demand are not adequate and MSE-HKM engineers have calculated tire flow demand in reserve and added a percent of a peak day demand on top of fire flow demand. In addition, if the lines are upgraded and the distribution system cannot carry the supply and the storage is inadequate, why do the upgrade.

Director Cronin asked do we want to have Gallatin Peaks make their proposed improvements or do we want to have maximum standards that Gallatin Peaks will have to meet. In addition, Director Cronin wanted to know when their tank and well will come on line and also wanted a commitment from Simkins on a tank in the future. Bill Simkins said Phase I will not be part of that, but there would be additional water supply with a tank and well for Phase II and III. Cummings said that Westland TM is willing to pay their fare share.

Edwards stated that the Board needs to agree on what the District requires for fire flows and emphasized that all parties need to work together to get a system that best serves the community. Edwards recommended working with a facilitator to come to a consensus on a standard policy for calculating fire storage. Bob Stober and Kirk Dige agreed that all entities need to work together to provide central water storage, not a small tank here and there with Simkins going out and doing their own thing. Director Cronin requested a meeting be set up with the three groups to work out the requirements. Vice-President Ingraham confessed his total confusion and doesn't believe a decision can be made on the issues without clarifying calculations on flows. Furthermore, the District needs one way to calculate fire storage requirements and Threlkeld has to establish reasonable parameters, going forwards. Vice-President Ingraham directed Threlkeld to consult with the entities and to come up with an agreement.

Threlkeld explained that since the time when the water supply ran out, the District has been very proactive and we are now at less than one-third of our use from several years ago. Bob Stober asked how old the current system is, what is its life expectancy and doesn't the District have to replace it at sometime. Vice-President Ingraham noted that the District applied for such funds from the resort tax last year, but was not funded.

Chuck Winn said the fire district will approve the connection of Phase I to the existing Big Sky Meadow Village water system assuming that approval is good for only Phase I and that the proposed improvements in the Gallatin Peaks Water Plan be done as proposed.

Threlkeld explained that he ran scenarios with and without the PRV and the PRV does not really add to the system. Chuck Winn asked Jim Cummings to present his suggestions on better uses of the money for the proposed PRV valve at Hidden Village. Jim Cummings responded that the PRV will cost \$13,000 and the money would be better spent going towards storage. Edwards stated that if Gallatin Peaks can demonstrate there is adequate water supply, then the District will not require a PRV. Edwards has not seen the modified water system connection report, but his letter will be based on the revised report.

*Edwards will write a letter to everyone as to what everyone agreed to at this board meeting regarding the Gallatin Peaks Phase I water connection. Threlkeld, Cronin, WSD and the Fire District will work together to set up a standard for calculating fire storage requirements for the water facility plan. Chuck Winn committed the fire district to work on fire flow and storage numbers.*

#### **AMEND AGENDA**

***Director Rothschilder moved to modify the agenda to address items IV. Old Business, A. Long Term Compliance Work Plan, B. Yellowstone Mountain Club Wastewater Feasibility Analysis and C. Water Facility Plan. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice-President Ingraham voting.***

#### **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Snowmaking Ray Armstrong reported on the status of the snowmaking project. There will be two bid schedules: 1) all SBR work and building and 2) snowmaking equipment. Bid opening will be around June 1 with construction starting around mid June. The contractor will be pressed to get all the outside work done early. The plant will not be up and running by December, but possibly by early spring the system can be tested. Armstrong will stamp Delta's plans if Delta doesn't get a state license to allow them to stamp their own plans. Edwards reported that the District can structure the bids with the funds we have on hand and then add one million if we can raise the money. According to Armstrong, Jeff White disclosed that Delta is being bought out by a large engineering firm, however, it will not impact this project. Edwards reported that he heard a rumor that Island Park has not been able to make snow this winter because its been too warm. Armstrong stated that optimum snowmaking temperature is 18 degrees and stop at 25 degrees, he will check out the rumor.

Yellowstone Mountain Club Wastewater Feasibility Analysis: Ray Armstrong, MSE-HKM Engineering, prepared and sent a draft analysis to Yellowstone Club (YC) and Lone Moose Meadows (LMM) for their review. Armstrong needs SFE numbers from LMM to complete the analysis, but he has heard that LMM is looking at 1000 SFEs. The draft analysis proposes to hook LMM into the meadow system and the snowmaking system. YC is not proposing to hook into the MV treatment plant system. Golf course capacity looks good, taking the District to full build out plus meeting YC and LMM needs. Director Cronin asked that the agreement delineate it is only for the specific project with specific SFE

limits. Armstrong is now working on the costs and how to allocate. Since the Board approved the proposed agreement with a 60-day deadline, *Armstrong and Edwards are to push Morrison-Maierle to get their numbers so that the costs and allocating can be finished by the deadline.* Armstrong hopes to get a completed draft to Edwards in the next two weeks. The contract to LMM will state that owners will share in the cost of the bond.

### **WATER FACILITY PLAN**

Per the outcome of the discussion on Gallatin Peaks, Terry Threlkeld will try to set up a consensus meeting for 10:00 am on Monday, March 27, with the Fire District, Edwards, Muscat and Cronin participating.

### **OPERATOR REPORTS**

#### Sewer System Operations:

**Monthly Report--Edwards** reviewed the flows, reporting that they are a little ahead of last year with the real test being spring run off.

**Arrowhead Line Repair--The** District feels that Summit's contractor hooked the sewer line even though no one has claimed responsibility. Contractor Sime was contacted and the problem has been fixed, Boyne or their contractor is paying for the repair.

#### Water System Operations:

**Monthly Report--Muscat's** monthly report was provided in the board packet.

**Cascade Water System Transfer--Muscat** and Edwards have reviewed the engineering report and Boyne originally drilled two wells for a stand alone system. Then, at some point, Boyne decided to tie the upper Cascade into the whole mountain. Now that the mountain area is one system, the upper Cascade would not have had to drill two wells. The transfer of the Cascade water system is on hold as the District disagreed with the first proposal for fixing the supply problem at Hill and Mountain Lodge and Boyne will wait until spring to install a dedicated water main to serve the area. Well #6 seems to have a worse sulphide problem than well #5. Edwards recommended pulling samples from well #5 to possibly get good potable water and then shut in well #6.

The Board was adamant that it will not accept a water system that has an odor to it and Cascade will not be accepted until it is properly completed. The District will run its own water tests on wells #5 and #6.

**Aspen Groves--Muscat** reported that the telemetry should be up and running in the spring.

**Yellowstone Water Line--Muscat** reported that he met with Glen Wood and Morrison-Maierle. Yellowstone Club is working with Boyne on an easement to install a new line and they are going with a package booster station.

**Summer Work--Muscat** is getting bids for leak detection now and hopes to do leak detection in early May.

### **AMEND AGENDA**

*Director Rothschiller moved to amend the agenda to address items V. New Business, C. District Ordinances 1. Ordinance 00-1001 and 2. Ordinance 97-1001. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice-President Ingraham voting.*

### **DISTRICT ORDINANCES & RESOLUTIONS**

Ordinance 00- 1001. (First Reading): *Director Peacock moved to approve the first reading of Ordinance 00-1001 which will increase the number of SFEs available for issuing sewer permits. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice-President Ingraham voting.*

Ordinance 97-1001 Amendment (First Reading) Edwards reviewed the proposed changes which includes a 60-day timeline on conditional approvals.

*Director Cronin moved to approve the first reading of the amendment to Ordinance 97-1001, Wastewater Use Ordinance. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice-President Ingraham voting.*

Ordinance 97-1002 Amendments: Edwards reviewed the proposed amendments to Ordinance 97-1002, Public Sewer and Water System Rate Ordinance. A revised draft of the amendment will be presented to the Board for first reading at their next meeting.

### **LEGAL ISSUES**

Cronin Litigation (Case Nos. DV-97-366 & 368): The insurance company is in agreement with the Board's decision to reject Cronin's settlement offer and Max Davis has filed a second Discovery Request.

Hall Litigation (Case No. 99-420): Edwards reported that John Brown and Mike Wheat are working on a response to Hall's litigation.

Neil Consultants: Edwards reported that John Brown was asked if he would accept service for the District, which probably means that Neil is suing the District. Edwards believes this will be covered on the D & 0 policy.

### **OFFICE BUILDING PROJECT**

The District still has not received a response on the basement sprinkler system.

### **DISTRICT REQUEST TO GALLATIN COUNTY FOR INCLUSION INTO WATER QUALITY DISTRICT**

Edwards updated the Board on what the water quality district provides. It will cost to participate in the district, being another assessment. The Board tabled any action on this issue as there was not a quorum. The issue will be discussed at a later meeting on whether to pursue participation.

**NEW DEVELOPMENTS--SEWER & WATER EXTENSIONS**

South Fork Phase IV: Plans have been submitted to the District for review and comment.

**RESORT TAX DISTRICT APPLICATIONS**

A copy of the application schedule was provided in the Board packet. The applications are due April 5. Edwards will ask for funding for water system improvements, such as leak detection and repairs and fire hydrants.

At this point, the District will not ask the resort tax district for improvements which will serve Gallatin Peaks Phase I. *Edwards will get back to TD&H and Simkins on what they are paying for in improvements.*

**GENERAL CORRESPONDENCE**

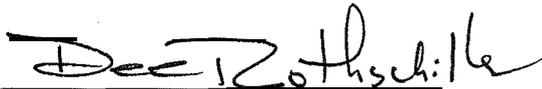
In regards to a letter from Bill Olson requesting a refund of his hot tub plant investment charges, Edwards recommended that the PICs be refunded as he believes there have only been 4 hot tubs permitted that paid plant investment charges. Due to the lack of a quorum, the issue was tabled until the next board meeting.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, April 18, 2000, at 3:30 pm in the WSD Community Room.

**ADJOURNMENT**

*Director Peacock moved to adjourn the meeting at 7:28 pm.*



Dee Rothschilder, Secretary

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date 03/21/2000

The Board of Directors at its 03/21/2000 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>02/29/2000</b>
Assets:	<u>\$ 18,297,001</u>
Liabilities	<u>\$ 8,981,609</u>
Equity	<u>\$ 9,315,392</u>

2 Income Statement as of	<b>02/29/2000</b>
Total Revenues	<u>\$ 150,948</u>
Total Expenses	<u>\$ 74,489</u>
Net Revenues	<u><u>\$ 76,459</u></u>

*Spendell D. Yonaham Vice President For*  
Jack Crowther, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- February 15, 2000, 3:30 pm**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Tuesday, February 15, 2000, in the BSOA Conference Room. President Jack Crowther, Vice-President Wendell Ingraham, Secretary Dee Rothschiller and Directors Stewart Peacock, Dick Wiggins and Skip Radick (left at 5:30) were present. Director Packy Cronin was not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat and Marlene Kennedy; Yellowstone Club representatives Glen Wood and Bob Sumpter along with their engineer Jack Schunke from Morrison-Maierle; and Scott Bischke as a district lot owner.

With no public comment, President Crowther called the meeting to order at 3:40 pm.

**APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the January 18, 2000, regular meeting minutes as corrected. Director Peacock seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Crowther voting.* Director Radick was not present for this vote.

*Director Ingraham moved to approve the February 2, 2000, special meeting minutes as corrected by adding Director Radick as second to the motion to amend the agenda. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Crowther voting.* Director Radick was not present for this vote.

**FINANCIAL REPORT**

January Financial Reports Dutton reported that revenues and expenses are favorable. The District will start drawing on the building loan next month. *Edwards is to send Boyne another letter on the buy down of the Boyne payment.*

*Director Radick moved to accept the unaudited January financial reports. Director Rothschiller seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Crowther voting.*

**AMEND AGENDA**

*Director Peacock moved to amend the agenda to address item 8-b, Office Building. Director Ingraham seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Crowther voting.*

**OFFICE BUILDING PROJECT**

Dutton presented a list of furnishings with estimated prices, that will be needed for the new office building.

*Director Ingraham moved to accept the office furnishing list as presented. Director Wiggins seconded the motion. President Crowther called for discussion. Director Rothschiller suggested that Dutton contact Bruce Erickson of American Bank to inquire if he has any unused furnishing that he would donate or sell to the District. Motion passed, 6 yea votes to 0 no votes with President Crowther voting.*

The Board discussed the possibility of staff needing to stay over night at the office building due to emergencies or future staffing needs that may arise. District staff are to look into plumbing modifications for a shower and possibly obtain a hide-a-bed couch.

### **OPERATOR REPORTS**

**Sewer System Operations: Monthly Report--Edwards** distributed the flow reports for the month of January, reporting that the mountain is about 50% of the total flows. The pond volumes are lower this year than last year at this time. Responding to Board inquiry, Edwards stated that furnishing the flow information to the State is not mandated. However, he recently provided the information through a compliance order status report to the State. Director Ingraham would like the District to request the State to modify the compliance order deadline to allow the District to explore alternatives such as snowmaking, thereby not putting so much financial pressure on the District. Edwards favors an extension until a decision is made on the discharge litigation, as proceeding with building an advanced treatment plant now may be premature. The District can take a run at an extension if we can demonstrate that we have sufficient capacity. The Board will revisit this issue at a future meeting.

**Water System Operations: Monthly Report--Muscat** reported that the mountain village water use is up about 7% and he plans on taking an aggressive approach to leak detection and repair in the mountain area this summer.

**Water System Transfers--Cascade:** Edwards and Muscat reported on the trial transfer of the new mountain tank, noting the engineering problems which surfaced. The Board will be insistent at the proper fix for the mountain system, and not allowing a quick fix.

**Radon Testing--Muscat reported that** the District is participating in a pilot radon testing program, 1 of 13 participants in the state, and the results will be out at the end of the month.

**Andesite Water Agreement--Edwards** reported that the Andesite water use agreement has been signed by Boyne, he just needs to pick up the document from Brian Wheeler.

### **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

**Snowmaking:** Edwards reported that the DEQ first review comment letter was provided in the packet. Most of the comments were directed at the Delta snowmaking side. The correspondence on the retainage has been an issue between Delta and MSE-HKM, not the District and Edwards will not get involved in it. A road realignment was requested by Lone Moose Meadows. MSE-HKM engineer Ray Armstrong has provided an estimate of \$3,500 in engineering costs and construction costs, probably at a wash. Edwards has authorized Armstrong to go ahead with the engineering. According to Edwards, the project is moving along on schedule and we may be ready to go out to bid at the end of February or the beginning of March.

## **LEGAL ISSUES**

Cronin Litigation: Edwards talked with Max Davis today and they are trying to schedule a conference call with an insurance representative from Chicago. Other than informing the insurance company of the downside of settlement, Edwards is not aware of any other issues of concern to the insurance company.

Hall Litigation: Edwards distributed a letter received from the St. Paul Fire & Marine Insurance Company dated 2/11/00, that denies coverage under the District D & O policy because there is not a claim for monetary damages in the lawsuit as Hall is not asking for compensation from the District. Director Ingraham stated that if there are damages, the District can contact the insurance company again. Legal counsel Mike Wheat will prepare a counter claim saying the District does not care who the PICs come from. As directed by Director Ingraham, *Edwards is to check with Mike Wheat to see if he has requested Barrett/Boyne to pay District legal fees.*

## **AMEND AGENDA**

*Director Radick moved to amend the agenda to address item S-A, Pioneer Mountain Water Service Request. Director Rothschilder seconded the motion. Motion passed, 6 yeas to 0 no votes with President Crowther voting.*

## **PIONEER MOUNTAINYELLOWSTONE CLUB WATER SERVICE REQUEST**

Edwards reviewed the Yellowstone Club (YC) proposal presented in January and summarized the follow up meetings with Morrison-Maierle and YC. Bob Sumpter has informed Edwards of timeline issues and would like the District to consider the water service agreement as a separate issue from the wastewater considerations. Edwards asked the Board to consider providing an answer today. Jack Schunke, Morrison-Maierle reported on the following feasibility work he has started on thus far: 1) provided MSE-HKM with mapping information with a joint report due next Tuesday, 2) looked at easements that have been filed and the agreements include utilities, 3) sent soils information to MSE-HKM, 4) looking at demands from Lone Moose Meadows and supplying this information to MSE-HKM, and 5) contacted Mike Kaczmarek, well drilling geologist, for location of two well sites in the mountain area that the YC is willing to proceed with drilling this summer. YC has lined out a deep well contractor to drill for water in YC property if the District is not going to enter into an agreement. If the District is going to supply water, YC needs a commitment today. Director Ingraham stated that he does not see a great need to find alternative water for the mountain village at this time, but the District does want a letter of commitment from YC for resolving the District wastewater needs, via land such as a new golf course or snowmaking. If land is not supplied, the District could institute a surcharge fee for the water. Bob Sumpter asked why should they supply a surplus water if it isn't needed and there are all these other attachments. Director Wiggins asked if providing acreage provided a problem for YC. Sumpter did not see it as a problem, but now we have two separate deals. If the feasibility comes back positive, YC would move forward with it. President Crowther asked if there is any thing the District can structure in a letter to deal with the wastewater. Sumpter said there is no problem with a letter of intent and informed the Board that he has offered economic benefits to the engineers to speed this along. As

District Water Operator, Jim Muscat considers the proposal to sell District water a good idea suggesting a 2/1 replacement and maybe aiming the water needs to the meadow. Director Radick stated he sees no incentive to sell water to anyone outside the District without land considerations for spray irrigation. Sumpter responded basically that drillers are in hand, and what is YC's incentive to find land for District spray irrigation land needs if YC cannot get a water commitment. YC needs a decision now, they cannot wait another week. Edwards suggested a two to one replacement of water may not be necessary if the land is available. Sumpter requested that the District supply water with replacement at 1/1, and if the feasibility of wastewater disposal is not possible, YC would pay a water use surcharge. In consideration for the land and based on the land available to the District, YC would want a block of SFES for Lone Moose Meadows and YC. The Lone Moose Meadows SFES would not pay impact fees, but would pay the connection/inspection fees. Other land not close to a sewer main would pay impact fees and connection/inspection fees. Schunke reported that YC would allow for 100 million gallons of spray irrigation from the District. Director Radick requested a guarantee that there is land if the golf course is never built. Edwards reported that MSE-HKM is looking into the possible need of upsizing the SBR to increase capacity for YC and Lone Moose Meadows. Sumpter stated that YC will cover the costs to expand the plant to accommodate YC needs. However, YC needs flexibility on where they apply their possibly 1500-2000 SFES. Edwards reiterated that the SFES will be honed based on the irrigation capacity.

*Director Radick moved to enter into a contract with Yellowstone Club that would provide water to Yellowstone Club at 1/1 replacement in exchange for the District receiving land to spray irrigate and store the District's legal obligations for full build out, as defined today, and to warrant any easements necessary to accommodate that, with the exception of the Spur Road. In consideration for land from Yellowstone Club, the Yellowstone Club will be given a number of SFES that will be mutually agreed upon and contingent on the feasibility study being completed within 60 days. Without land for irrigation and storage, a 1.5/1 surcharge for replacement of water used will exist. The agreement is subject to legal review and approval. Director Rothschiller seconded the motion. President Crowther called for discussion. Director Ingraham asked when the feasibility study will be done. Bob Sumpter responded that the draft should be ready next week. Motion passed via voice vote, 6 yea votes to 0 no votes as follows: Ingraham-yea, Wiggins--yea, Peacock--yea, Radick--yea, Rothschiller--yea, Crowther--yea.*

#### **SEWER & WATER PERMITS**

Status Report: The following two permits were issued since the last regular board meeting: Hollis Lewis at 2.4 SFES for Lot 19, Block C, Aspen Groves; and Blue Grouse Development at 2.04 SFES for the new Big Sky Western Bank in Westfork Meadows.

**OLD BUSINESS**

Office Building Project: The District will move to the new office building around March 1st and a notice has been given to Doug Bing.

William Erwin Request for Exclusion from District: Edwards provided an update of Erwin's request presented at the last meeting which was to exclude Erwin and Kass from the District.

**Director Ingraham moved to not accept the request from Erwin for exclusion from the District. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.** Director Radick was not present for this vote.

District Request to Gallatin County for Inclusion into Water Quality District:  
Edwards requested that any action on this issue be tabled for a future meeting.

**NEW BUSINESS**

General Correspondence: No correspondence required Board action.

**NEXT MEETING**

The next regular Board meeting is tentatively scheduled for Tuesday, March 21, 2000, at 3:30 pm in the BSOA office meeting room.

**ADJOURNMENT**

*Director Ingraham moved to adjourn the meeting at 6:08 pm. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes.*



Dee Rothschiller, Secretary

02-15-00.min (Board Approved 3/21/00)

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date                    02/15/2000

The Board of Directors at its            02/15/2000 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>01/31/2000</b>
Assets:	<u>\$ 18,214,790</u>
Liabilities	<u>\$ 8,975,857</u>
Equity	<u>\$ 9,238,933</u>

2 Income Statement as of	<b>01/31/2000</b>
Total Revenues	<u>\$ 149,849</u>
Total Expenses	<u>\$ 96,519</u>
Net Revenues	<u><u>\$ 53,330</u></u>

  
\_\_\_\_\_  
Jack Crowther, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Special Meeting -- February 2, 2000, 3:30 pm**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Tuesday, February 2, 2000, in the BSOA Conference Room. President Jack Crowther, Vice-President Wendell Ingraham, Secretary Dee Rothschiller and Directors Dick Wiggins and Skip Radick were present. Directors Packy Cronin and Stewart Peacock were not present.

Others present were WSD staff Ron Edwards, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Audrae Coury; legal counsel Mike Wheat participated via telephone.

With no public comment, President Crowther called the meeting to order at 3:38 pm.

**OLD BUSINESS**

**Legal Issues--Cronin Litigation Settlement Offer (Case Nos. DV-97-336 & 368):** Edwards noted the documents in the board packet including the settlement letter from Art Wittich. The Board discussed the settlement offer that requested 1) a full refund of the \$5,600, 2) full refund of impact fees of \$16,000, 3) \$16,800 refund of impact fees from current developments, 4) \$30-35,000 for attorney fees, 5) District issue an RFP for another rate study, and 6) District commit to the recommendation of the new rate study. The consensus of the Board was for the suit to be settled in the court as the Board feels it has done due diligence and operated in good faith in adopting District ordinances setting rates.

Mike Wheat participated in the meeting via telephone speaker phone. Mike Wheat advised the Board to not freeze PIC funds.

Edwards also reviewed information concerning Cronin vs. Public Service Commission, noting that nothing is being done at this point but that it is still pending. If the District does decide to settle with Cronin, Edwards recommended that this case be dropped as part of a settlement.

***Director Radick moved to reject Cronin's settlement offer of January 21, 2000, and to not suspend or freeze the PIC funds. Director Ingraham seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.***

**AMEND AGENDA**

***Director Ingraham moved to amend the agenda to address item 3. A--Sarah Hall Litigation. Director Radick seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.***

**Sarah Hall Litigation (Case No. 99-420):** Edwards reviewed the history of the MV Tract 4 property that Sarah Hall now owns, but was owned by Boyne as of July 25, 1997, and was put in the Boyne settlement document to be subject to the surcharge. The case is really between Sarah Hall and John Kircher, however the District is in the middle of it and Wheat said the District has to respond to the complaint, by saying that either Boyne or Hall must pay the surcharge. Wheat recommended that the District ask for attorney fees in responding to the lawsuit. Edwards recommended that the Boyne settlement document be

recorded on each parcel affected so that title searches would discover this surcharge. Wheat would like to talk to Steve Barrett, Boyne legal counsel, on the subject prior to recording any documents. *Edwards and Wheat will talk with Barrett on how the surcharge is handled. Wheat will prepare a response on the Hall lawsuit. Edwards will report the lawsuit to the insurance company along with a recommendation that Mike Wheat handle the litigation.*

Neil Consulting--Gregory Smith Letter: Edwards updated the Board on this issue. The last District payment was in May, 1999, the check has never been cashed. According to Edwards, the allegations are false and the District did not see any sign of a water model until the end of November, 1998, after Edwards had sent a stop work order. Edwards has written a draft response to the letter and Mike Wheat will review it. Edwards also called Greg Smith to let him know the District will respond to his letter. The consensus of the Board was to not accept Smith's settlement offer for the District to pay Neil \$31,500.

Pioneer Mountain Water Service Request: At the last board meeting, Yellowstone Club presented a proposal and request that the District consider supplying water to their development. Edwards distributed and reviewed a draft agreement in principal from his subsequent meetings on 1/24 and 2/9 with Yellowstone Club engineers. He reviewed the possible commitments required of Yellowstone Club and the District if an agreement is entered into. The wastewater considerations include a 50% cost share of a feasibility study with the District cap at \$5,000. In addition to evaluating the potential of 300 units at Lone Moose and 300 units at Yellowstone Club connecting to the District wastewater system, the feasibility of the District spray irrigating up to 235 acres in Sections 17 and 20 is to be evaluated. Yellowstone Club will talk with Boyne on land easements to run a water line to their property. Edwards reported that this spray irrigation proposal will get the District to full build out with no annual allocation for stream discharge. The District Board would like to find an alternative to discharge and will look at feasible options but recommended proceeding cautiously with the commitments proposed by the draft agreement. The Board agreed to expedite the feasibility study and if there are no options to solve the District's wastewater disposal situation, water will not be provided. Edwards is directed to have District engineers and Yellowstone Club engineers do a feasibility study.

***Director Rothschiller moved to allow Edwards to spend up to \$5,000 for a feasibility study. Director Ingraham seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.***

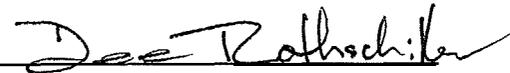
Audrea Coury stated that she has received several comments regarding providing water to people outside the District and suggested that a good analysis of the Mountain system be done to determine that there is excess water to sell.

#### **NEXT MEETING**

The next regular Board meeting is tentatively scheduled for Tuesday, February 15, 2000, at 3:30 pm in the BSOA office meeting room.

**ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 5:30 pm.*

  
Dee Rothschiller, Secretary

02-02-00.min (Board Approved 2/15/00)

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- January 18, 2000, 7:30 am**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 7:30 am on Tuesday, January 18, 2000, in the BSOA Conference Room. President Jack Crowther, Secretary Dee Rothschiller and Directors Stewart Peacock (left at 8:30), Dick Wiggins and Skip Radick (left at 9:15) were present. Vice-President Wendell Ingraham and Director Packy Cronin were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Audrae Coury; and Pioneer Development/Yellowstone Club representatives Glen Wood and Bob Sumpter along with their engineers Jack Schunke and Mike Smith from Morrison-Maierle.

With no public comment, President Crowther called the meeting to order at 7:45 am.

**APPROVAL OF MINUTES**

*Director Peacock moved to approve the December 14, 1999, regular meeting minutes as written. Director Radick seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Crowther voting.*

Director Peacock asked the Board to consider moving the regular meeting to the afternoon, possibly 4:00 pm or a little earlier. Director Radick noted commitments that people have in the evening and the Board needs to decide which time would loose less people. The Board will try a 3:30 pm meeting for the February meeting.

*Director Peacock moved to change the regular meeting time to begin at 3:30 pm. Director Rothschiller seconded the motion. Motion passed, 5 yea to 0 no votes with President Crowther voting.*

*Director Peacock moved to amend the agenda to address items 6B--Cronin Litigation, 8B--Office Building and 9B--Resolution No. 00-01. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

Legal--Cronin Litigation: Director Rothschiller stated that with Director Cronin sitting in on Cronin litigation discussions, she finds it difficult to express her thoughts without possibly offending Director Cronin. The Board noted that the meeting is open and that Director Cronin has the right to participate in the meeting, but probably not to vote. Edwards updated the Board on the status of the litigation, with Cronin trying to amend his lawsuits. District counsel is trying to block the new complaint. Edwards recommended freezing the approximate 1.8 million in fees paid under Ordinance 97-1002 and then to do a bond for the snowmaking project. President Crowther noted the suggestion was a more prudent approach. President Crowther reported that Cronin has said he will send the District a new settlement offer, however, we don't know what that number is. It is estimated to be about \$650 per account to recover the settlement over a one-year period. The Board discussed the need to have a basis for spending the PIC assets and the need for legal advice. A special meeting will probably be scheduled around February 1 for board action on the issue.

*Director Radick moved to authorize Edwards to seek written legal advice on freezing or spending the PIC assets. Director Peacock seconded the motion. Motion passed, 5 yeas to 0 no votes with President Crowther voting.*

Office Building--Flooring Changes: *Director Rothschiller moved to approve the flooring changes for \$900 as presented by Edwards. Director Peacock seconded the motion. President Crowther called for discussion. Motion passed, 5 yeas to 0 no votes with President Crowther voting.*

Office Building--Sprinkler System: Edwards updated the Board on the sprinkler system situation and recommended that the District install the basement sprinkler system per Fire Chief Stober's verbal comments.

*Director Peacock moved to approve the basement sprinkler system for \$3,800 once we receive in writing from the Fire District that it is required. Director Wiggins seconded the motion. Motion passed, 5 yeas to 0 no votes with President Crowther voting.*

Office Building--Basement: Edwards recommended rough framing the basement walls so that the heat registers can be installed to eliminate potential freezing in the basement.

*Director Radick moved to approve the \$1800 which would cover the rough in of the perimeter basement walls and the additional plumbing. Director Rothschiller seconded the motion. Motion passed, 5 yeas to 0 no votes with President Ingraham voting.*

Resolution No. 00-01: SRF Loan for Snowmaking Project: Edwards recommended approving the resolution to authorize the District to enter into a new SRF loan commitment agreement with DNRC for the remaining portion of the District's \$1,207,000 general obligation bond.

*Director Peacock moved to approve Resolution No. 00-01: SRF Loan for Snowmaking Project. Director Radick seconded the motion. Motion passed, 5 yeas to 0 no votes with President Crowther voting.*

## **FINANCIAL REPORT**

December Financial Reports: Bill Dutton reviewed the financial reports, noting that there were not many changes from the last report. Both revenue and expenses are down, but the District is operating in a favorable position. Farmhouse Partners will be making their annual payment. The loan on the office building will probably close this month.

*Director Radick moved to accept the unaudited December financial reports. Director Rothschiller seconded the motion. Motion passed, 4 yeas to 0 no votes with President Crowther voting.*

## **OPERATOR REPORTS**

Sewer System Operations: Monthly Report--Edwards reported on the total annual flows being down nearly 20% from 1998 with the outfall replacement having a major impact on reducing total flows. Grant Burroughs is being trained by Santec Corporation to operate the Lone Moose Meadows Santec system. The sewer operating agreement still needs to be signed and *Edwards will be working on cost numbers to add their water system monitoring, too.*

**South Fork III Sewer and Water System Transfer: Status Report--Edwards** has the agreement done with the exception of an attachment, which needs to be supplied by Allied Engineering. Cronin will need to post the warranty security. Director Wiggins suggested including a hold harmless section, to prevent future lawsuits about the PIF that Cronin has previously filed suit on. *Edwards will talk with legal counsel about strengthening the language in the section on abiding by District rules, regulations and ordinances.*

Aspen Groves Water System Conveyance--The agreement is ready once we get the schedules of values from Fluidyne Engineering. Documents of water rights have been filed and easements for the tanks are done. The District will roll the telemetry hardware cost into the current lease and the developer will pay for the labor of installation. *Aspen Groves property owners will be notified that District billing will be effective February 1.*

Water System Operations: Monthly Report--Jim Muscat reported that the District is now saving quite a bit of water in the meadow which is due to leak detection and repairs. The flows in the mountain are up and concentrated efforts on leak detection will be made there. The new 1.5 million gallon Cascade tank is being filled with the Hill system and the District will switch over to the new tank in the next couple of days. The two new wells, No. 5 and No. 6, still have sulphur smell and, at this point, the District does not have a solution to remove the sulphur. There is no state standard for sulfide as it is not a health issue. Muscat noted that the question to have answered, is whether there will be enough water for the mountain in the future with using just the four mountain wells. Once the PRVs are tested, the system can be transferred.

## **LONG TERM COMPLIANCE WORK PLAN (LTCWP) REPORT**

Snowmaking Project Status Report: Edwards reported that the District should be receiving Todd Teegarden's review letter this week. Construction for this year is still on schedule if the District does a bond election in April and the voters approve it.

## **LEGAL ISSUES**

Discharge Permit Litigation: The board packet included the District's response to First Discovery Request of Plaintiffs.

## **SEWER & WATER PERMITS**

Status Report: As reported in the board packet, there are 66.7 SFES remaining going into next year. *Edwards will prepare a document to release an additional 200 SFES.*

## **OLD BUSINESS**

### Yellowstone Club/Pioneer Mountain Water Service Request:

In response to the Board's request for additional information on Pioneer's request to connect to the mountain water system, Yellowstone Club (YC) representatives Glen Wood and Bob Sumpter along with their engineers Jack Schunke and Mike Smith from Morrison-Maierle presented details of their plan that includes 864 single family units plus 42 employee housing units and lies entirely within Madison County. Phase I, II & III would be the only areas that the District water would be used. Phase I is single family on individual septic systems, with the exception of employee housing.

YC has requested at least a 20-year commitment from the District for water. Edwards noted the District can agree to sell water by agreement as long as there is a surplus. YC has offered to drill a water well to offset their water demand. Edwards stated that the District would request that the developer be responsible for well site selection and assume the risk for finding a good well.

If the District agrees to allow the connection, YC would have to be responsible for the line to get water to their tank. They are considering the new 3" water service to the Andesite concession building.

The possibility of using the proposed YC golf course for spray irrigation was discussed. YC stated that they are proposing to use their own effluent for supplemental irrigation. Edwards pointed out that YC properties should be subjected to help pay for bond improvements if they are connected to the system, and that some form of performance security would be required.

Muscat suggested a contribution to the Meadow system in lieu of drilling a well on the Mountain. Edwards stated that the District needs to also consider the possibility of other developments approaching the District with a similar request.

The time-line for a Board response is short, YC needs an answer in a couple of weeks as they have to have their water supply nailed down prior to DEQ approval. Yellowstone suggested having a work session with the Board to outline all the issues and to see if there is a possibility of an agreement. *Edwards will work with Morrison/Mairele and Yellowstone Club initially to put together additional information for the Board to address at a special meeting around February 1.* A future work session with the Board will be set up if warranted. The Board will have a decision within the time frame YC requested.

### Water Quality Monitoring Plan: DEQ Comments:

Edwards suggested that for the most part, we should follow through with DEQ recommendations. *Edwards will reply to DEQ.*

MSE-HKM Full Build-Out Land Needs Analysis: Edwards reviewed Ray Armstrong's letter dated January 6, 2000, in regards to disposing of wastewater at full build out. The District would have to have an additional 50 acres in the mountain area and 15 acres in the meadow. *Edwards will identify the District's land needs when meeting with Yellowstone Club and Morrison/Mairele and will include Ray Armstong in the meetings.*

District Request to Gallatin County for Inclusion into Water Quality District: Edwards reviewed the county letter and noted that the two counties would have to work together to make a district. Due to a lack of a board quorum, action of the issue was tabled. *Edwards will include this item on the next agenda.*

### **NEW BUSINESS**

William Erwin Request for Exclusion from District: Erwin and Kass again are requesting to be excluded from the sewer and water district. The District Board denied their previous request. This new request is a little different in that a road right of way is at issue. Edwards has discussed this with Bill Simkins and Simkins feels that they can get their county approval without the District entering into an agreement with Erwin and Kass. Due to a lack of quorum, the issue was tabled until the next meeting.

General Correspondence: There was no correspondence requiring board action.

### **NEXT MEETING**

The next regular board meeting is tentatively scheduled for Tuesday, February 15, 1999, at 3:30 pm in the BSOA office. There will be a special board meeting scheduled within the next two weeks.

### **ADJOURNMENT**

*Director Rothschiller moved to adjourn the meeting at 11:30 am. Director Wiggins seconded the motion.*



Dee Rothschiller, Secretary

**Big Sky Water & Sewer  
PO Box 160670  
Big Sky, MT 59716**

**Acceptance of Monthly Financial Statements**

Date 01/18/2000

The Board of Directors at its 01/18/2000 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>12/31/1999</b>
Assets:	<u>\$ 18,421,354</u>
Liabilities	<u>\$ 9,131,683</u>
Equity	<u>\$ 9,289,671</u>

2 Income Statement as of	<b>12/31/1999</b>
Total Revenues	<u>\$ 415,053</u>
Total Expenses	<u>\$ 104,205</u>
Net Revenues	<u>\$ 310,848</u>

  
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Jack Crowther, President