

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

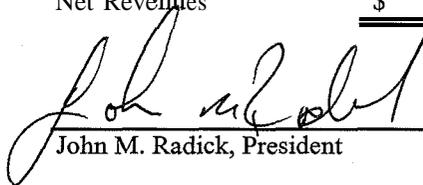
**Acceptance of Monthly Financial Statements**

Date 12/18/2001

The Board of Directors at its 1/22/2002 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>12/31/2001</b>
Assets:	<u>\$ 21,141,344</u>
Liabilities	<u>\$ 7,286,784</u>
Equity	<u>\$ 13,854,560</u>

2 Income Statement as of	<b>12/31/2001</b>
Total Revenues	<u>\$ 1,989,532</u>
Total Expenses	<u>\$ (750,022)</u>
Net Revenues	<u>\$ 1,239,510</u>

  
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John M. Radick, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- December 18, 2001, 1:30 PM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular board meeting for 1:30 PM on Tuesday, December 18, 2001, in the WSD Community Room. President Skip Radick, Vice-President Dick Wiggins, Secretary Dee Rothschiller (left at 3:20 PM after the sewer operations report) and Directors Stewart Peacock, Gary McRae and William Shropshire were present. Director Wendell Ingraham was not present.

Others present were WSD staff Ron Edwards, Terry Smith, Grant Burroughs, Jim Muscat and Marlene Kennedy; Double Tree representative Barb Campbell; and the following individuals from the public: Andy Perkins, Lynn Perkins, JC Knaub, and Greg Hill.

With no public comment, President Radick called the meeting to order at 1:35 PM.

**PERKINS/KNAUB--WESTFORK MEADOWS, BLOCK 1, LOT 15**

JC Knaub, Greg Hill, Andy Perkins, and Lynn Perkins requested the District to pay what they believe are excessive excavation costs caused by Grant Burroughs providing inaccurate sewer locates for Lot 15, Block 1 in Westfork Meadows. Looking after the interests of the Perkins, Knaub requested that the District pay the portion of his invoice where he was digging off the Perkins property. Knaub stated that he had estimated \$800-\$1,200 for the water and sewer stubs for this job, but the digging costs greatly exceeded the estimate due to following the locate advice of Burroughs. After digging to a 10' depth and then deviating from the District's third locate, Knaub said he found the sewer stub on his own and would have done the job differently if he would have known all the information prior to starting the digging. Burroughs explained how a locate is done, and stated that he always uses his best judgement. On this property, Burroughs used measurements shown on as-built plans from 1973 and a video of the lines. On at least three separate occasions, he then marked the area that he believed the line to be located--always the same area. Burroughs reported that the Westfork laterals are typically about 10' apart, and the video and the as-builts were off. Burroughs reported that he did tell the digger, Badgr, to scratch around for a marker before actually digging and this was not done. Burroughs had told Knaub and Perkins it was the owner's responsibilities to do the dig. Quoting a District ordinance, Edwards said the owner digs to the main and puts in the stub, and this is the first time this has been an issue. Knaub stated that a stub did exist, however the ordinance says the owner will pay if there isn't a stub. And, in this case, it would have been cheaper to go straight to the main instead of trying to find the stub. According to Edwards, the District expects the contractor to use an existing stub. Knaub argued that he was told to dig in a different area on each locate. President Radick asked Knaub if he met with the District before bidding. Knaub stated that he only met with Burroughs and Wellenstein for locates. Knaub asserted that he would have found the line a lot quicker if he would have deviated from the WSD recommendation to begin with. Knaub said the cost of damaging the utilities is a tremendous liability that he accepts, but he defers to a utilities' locate and it is critical that he follow the markings.

Knaub is upset with the cost of the dig and wondered if there is money in the District budget to have accurate information available. He said this is an \$8,000-9,000 job that should have been \$1,000. President Radick explained that not being able to exactly locate a

line has happened before and that the Board sympathizes with Knaub's position, but believes it is the owner's responsibility according to District ordinance. Andy Perkins stated that their problem is that they dug every where the District instructed and he wanted to know if it isn't the District's responsibility when it goes beyond the property boundaries. Lynn Perkins said they spent a lot of money that they shouldn't have, and are in attendance in the hopes that this won't happen to someone else in the future. Also, if it is known that WF as-builts are not accurate, then she would like that information to be disseminated. Supporting Burroughs, Edwards said that the locate was done the best it could be done with the information available, noting that the District is dealing with drawings that are nearly 30 years old and we can only assume they are correct. Greg Hill stated that the stub was not in the area that Burroughs located. Knaub would like a more customer friendly policy and thinks the District should establish a contingency fund for such instances and, in the future, there should be a full disclosure. President Radick explained that it is unrealistic for the District to be expected to be able to do exact locates from 30-year old plans, however, the Board and staff will be reviewing its' ordinance. Edwards will get more information from Burroughs on what was represented, and the permits will include disclosure and disclaimer information for locates. Director McRae asked what it would cost to video sections of the lines with inaccurate as builts. President Radick responded that he doesn't believe that it would be cost effective to rectify the as builts, but that the District will need to do a better job of disclosure. Director McRae reported that, for his house, the plumbing contractor was responsible for the connection. Knaub left an invoice asking that the District pay the difference on the cost.

#### **APPROVAL OF MINUTES**

*Director Peacock moved to approve the November 20, 2001, regular meeting minutes as written. Director Rothschiller seconded the motion. Motion carried, 6 yea votes to 0 no votes with President Radick voting.*

#### **APPROVAL OF RESOLUTIONS**

Resolution 01-09: Approving the Exclusion of Certain Land from the District: Edwards reviewed the purpose of the exclusion, noting that Tom Gerrard is agreeable to removing his land from the District as long as the District comes up with a service agreement. All the affected property owners were sent a letter of notification, some owners responded. The entire Section 1 was left in as it hasn't been formally subdivided. Erwin and Kass are being deleted from the District.

*Director Wiggins moved to waive the three readings and approve Resolution 01-09: Approving the Exclusion of Certain Land from the District. Director Rothschiller seconded the motion. Motion carried, 6 yea votes to 0 no votes with President Radick voting.*

#### Resolution 01-1 1: Establishing a Water System Jurisdictional Area Within the District:

Edwards reviewed the history of establishing water and sewer areas, saying that the bond amount is \$2.5 million for water improvements. For sewer improvements, the bond amount is about \$15 million. Both projects will be general obligation bonds, going as an additional

amount on an individuals tax bill. The District will treat the water systems as one with everyone paying for debt service. The two areas were created with bond counsel recommendation. Grizzly Flats is a wrinkle to boundaries due to a lawsuit and are provided water. Edwards said Ellingson will be consulted on to how to repay debt service on this property and Gerrard's property. Lone Mountain Guest Ranch is out of the water service area and in the sewer service area.

***Director Peacock moved to waive the three readings and approve Resolution 01-11: Establishing a Water System Jurisdictional Area Within the District. Director Rothschilder seconded the motion. Motion passed, 6 yea to 0 no votes with President Radick voting.***

Resolution 01- 10: Establishing a Sewer System Jurisdictional Area Within the District: Edwards reviewed the boundary areas stating that the McBride property would need to be included in the SFE table according to development allowed by zoning. In response to questions from the Board, Edwards explained that owners of property being excluded could always petition to be included in the District in the future.

***Director Radick moved to waive the three readings and approve Resolution 01-10: Establishing a Sewer System Jurisdictional Area Within the District. Director Wiggins seconded the motion. Motion carried, 6 yea votes to 0 no votes with President Radick voting.***

Sewer and Water System Debt Elections: Edwards and Barb Campbell discussed the elections, saying they will be separate mail-ballot elections. Campbell and Edwards were comfortable with presenting \$13.5 million for the sewer debt to the voters. Campbell distributed and reviewed the budget scenario, noting that the engineers have said this will be an 18-month project, which would cost about \$450,000 in interest. Edwards clarified the sources of the different revenues. Campbell said there are other grant sources which would be possible since the project would create jobs and economic development. Campbell would like to do a series of public meetings and mailings with survey language selling the bond elections. Campbell said people will want to know what this is going to cost them. Campbell reported that Ray Armstrong will try to pinpoint additional O & M costs for the new system, which will increase rates. According to Edwards, another sewer operator will need to be hired and there will probably need to be a user fee increase even though Lone Moose will be coming into the District. Director Peacock would like the information to be disseminated to include a statement saying, "if this is not approved, there is potential that the District will have to reexamine discharging into the Gallatin." Campbell does not want the District to give up their discharge permit until all this is done. The Board reiterated their intent to keep the discharge permit until everything is done. According to Campbell, 60% of the voters need to be in favor for an issue to pass. Annexation will probably be voted on at the same time as the debt service issues. The District needs to campaign to make sure that the voters understand the need to vote for these issues. Board members believe that the voters understand the issues, but the importance does need to be stressed. Edwards reported that Director Ingraham suggested that the Board test the waters with

some sort of survey. Board members and Campbell discussed the suggestion and decided that the District just needs to go to vote and get it done. Campbell stated that, optimistically, the election could be held at the end of February or the beginning of March. Edwards stated that he doesn't know what the State would do if the District delayed the election. Edwards distributed a property tax levy analysis, reminding the Board that if Lone Moose and Spanish Peaks are annexed, the numbers will be driven down more. President Radick would like to have projected costs shown using annexation of Lone Moose and Spanish Peaks. Steve Brown will send the District the final property descriptions. The Board would like all of the people who were on the band wagon against the discharge permit to be informed of what is going on.

***Director Rothschiller moved to waive the three readings and approve Resolution 01-12: Submit to the Electors \$13,500,000 for the Sewer System Debt. Director Peacock seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Radick voting.***

Campbell distributed the water system improvement figures from Allied Engineering, stating that the bond would need to be \$2.5 million. A DYK tank or equal will be specified in the bid document. Edwards distributed a tax assessment table. President Radick would like pros and cons presented to the voters, such as fire protection improvement, possibly lower ISO rating in the community, reducing irrigation restrictions, and any other issues in the hearts of community members. The Board agreed to run all issues as one election.

***Director Rothschiller moved to waive the three readings and approve Resolution 01-13: Submit to the Electors \$2,500,000 for the Water System Debt. Director Wiggins seconded the motion. Motion carried, 6 yea votes to 0 no votes with President Radick voting.***

## **FINANCIAL REPORT**

November Financial Reports: Smith reviewed the November financial reports, noting that the District's \$28,000 share of the Cronin settlement of \$78,000 was paid out. Smith stated that the District received 4 bids on employee short-term insurance, with the lowest at \$3,746.00 for the year for all the employees. He has distributed applications to employees and will wait to get a policy from the first choice company.

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

The final audit report was provided in the board packet. Director Shropshire asked if there was a Board Audit Committee. There is not, Director Wiggins reviews the bank statements and there is a Budget Committee.

## **OPERATOR REPORTS**

Sewer System Operations: **Monthly Report--**The Board discussed Knaub's request, coming to a consensus that the excavation cost for the Perkins' residence is not a reimbursable expense. The Board explained that if Knaub would have found the sewer lateral first and then dug to the house, he would have avoided the problems he encountered. Edwards read the permit and it seems to clearly state that the owner/contractor will be liable. *The Board directed Edwards to write a letter to JC Knaub informing him of the Board's decision and to look into requiring sewer/water connectors be insured for their work. President Radick stated that the District's permitting needs to cover who is responsible.* Burroughs recommended that future locates be accommodated with a disclaimer form.

Burroughs reported that the monthly flows are down a little from last year, but the total year to date flows are similar to last year. The filter system has been shut down for a couple of months.

Water System Operations: **Monthly Report--**Muscat distributed the water production reports stating that the Meadow Center extension walk throughs have been done. The Town Center is complete with the exception of the roads. The Pines has been completed. The Yellowstone Club Well seems to be going well. Mountain Well #3 is now intact and running well. The District is continuing to track and monitor the water pressure on the mountain, and Muscat did not have any new information to report on that matter.

As a way to reduce use of potable water for irrigation, Director Wiggins asked if the District could supply treated wastewater to other developments, such as Meadow Center, Town Center, etc. Edwards explained that we already have signed commitments for the use of the treated wastewater and, at this time, we do not have excess treated wastewater to disperse.

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

Bridge and Pipeline Crossing: Edwards reported that HKM is proposing to go under the stream with the pipeline and the site for the bridge has been moved, making it less expensive. The location and design has been submitted to Fish Wildlife and Parks for approval. Simkins have approved it, and they are to pay for half of it. The issues with 7.5 miles of pipeline are where it crosses the stream in the Southfork of the Gallatin and the need to cut through the Big E-Z. The Big E-Z does want some compensation, with HKM engineering estimating the easement value at \$5,000. Edwards recommended offering \$2,500 for the easement access as the Big E-Z seems to be very agreeable to working with the District. The LTCWP has been amended and received state approval. Edwards said the District has met with the Yellowstone Club and Morrison-Maierle on the respective projects. There is a little bit of coordination that needs to take place. YC is planning on building 90 million gallons of storage, which would effectively double where we are now. Another meeting with HKM for design review is scheduled for Friday.

### **YELLOWSTONE CLUB WELL**

Edwards reviewed what the agreement states and distributed a diagram that indicated the location of the YC well that has been drilled and pump tested at 300 gpm with good water. YC is still finishing their pump testing and all indications look good for the new well. To optimize the new well, Edwards recommended upgrading the District's line. Muscat stated it would be much cheaper for the District to upgrade the line if we wait until spring. The YC is eager to get water to their new tank, but Edwards doesn't feel it is in the best interest of the District to connect with the District's existing 3" line. Edwards recommended providing YC water from the District's existing system and to defer the YC connection until July 1, 2002, with YC posting bond or security of 125% of the cost.

*Director Peacock moved to approve a deferment of connection until July 1, 2002, with Yellowstone Club posting bond or security of 125%, as discussed. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Radick voting.*

### **WATER FACILITIES PLAN**

Edwards explained the reasons for changing the original plan of dismantling the HV tank up front and for moving the new tank into John Waldo's property. Waldo will be in Big Sky at Christmas and Edwards will find out if he will be agreeable to providing an easement. According to Edwards, Ryan and McMeekin will give the District easements. The overall cost will add a little for piping, however, the bond request of \$2.5 million will cover that additional cost. *President Radick directed Edwards to tie up the needed easements for the pipe and tank.* Edwards will need the final legal description for the pipe location. Permission has been given to do test pits.

### **WATER METERING PROJECT**

Edwards reported that the Fry Brothers intend to be back in June and Edwards recommended that the District wait for their availability since Phase I was so successful. Sensus will be here in February to set up the meter billing. *Edwards will hold the public hearing on the meter rate at the end of January.*

### **LEGAL ISSUES**

Cronin Litigation: Edwards has not heard from Max Davis on finalizing the Cronin Settlement.

Hall Litigation: Edwards provided the history of the Boyne surcharge and briefly explained Sarah Hall's protest to the surcharge on Meadow Village, Tract 4. Edwards received notice that he will be deposed in February, 2002.

### **PROPOSED DEVELOPMENTS**

Cascade III & IV: Edwards reviewed the area to be serviced by these extensions. There is only one issue, where the line cuts through a parcel that is designated as open space tract. Edwards has asked Gaston for an easement through that parcel. Everything else they have done is on the plat.

**RELEASE ADDITIONAL SFEs**

Edwards distributed draft Ordinance 01-1003 to release an additional 100 SFEs, reviewing the history of capacity and SFEs. Edwards is waiting for comment on the capacity from Ray Armstrong, HKM Engineering.

*Director Peacock moved to approve the first reading of Ordinance 01-1 003. Director Wiggins seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Rudick voting.*

**JANUARY BOARD MEETING**

The Board will meet on January 22, 2002, at 1:30 PM. The meeting will include the rate setting public hearing.

**ANNUAL DINNER**

The Board set the annual dinner for January 11, 2002, at Buck's T-4.

**ADJOURNMENT**

*Director Shropshire moved to adjourn the meeting at 4:20 PM.*

  
Dee Rothschilder, Secretary

12- 18-01 .min (Board Approved 1/22/02)

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

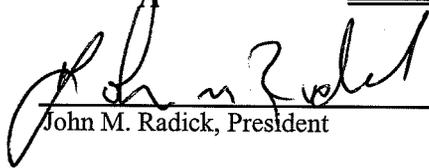
**Acceptance of Monthly Financial Statements**

Date 12/18/2001

The Board of Directors at its 12/18/2001 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>11/30/2001</b>
Assets:	<u>\$ 20,809,252</u>
Liabilities	<u>\$ 7,280,290</u>
Equity	<u>\$ 13,528,962</u>

2 Income Statement as of	<b>11/30/2001</b>
Total Revenues	<u>\$ 1,534,419</u>
Total Expenses	<u>\$ (615,289)</u>
Net Revenues	<u>\$ 919,131</u>

  
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John M. Radick, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Public Hearings & Regular Meeting -- November 20, 2001, 3:30 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled three public hearings and a regular meeting to begin at 3:30 pm on Tuesday, November 20, 2001, in the WSD Community Room. President Jack Crowther, and Director Stewart Peacock were present. Directors Dick Wiggins and Skip Radick participated via telephone. Vice-President Wendell Ingraham, Secretary Dee Rothschiller, and Director Packy Cronin were not present.

**Others present** were WSD staff Ron Edwards, Terry Smith, and Marlene Kennedy; Double Tree representative Barb Campbell; Dorsey & Whitney bond counsel Mae Nan Ellingson; Knaub & Company representative Marjorie Knaub; and, via telephone, HKM Engineering representative Carl Anderson.

With no public comment, President Crowther called the first public hearing to order.

**PUBLIC HEARINGS -- 3:30 PM**  
**Detraction of Land from the District, Sewer & Water Jurisdictional Areas**

President Crowther called the Public Hearings to order at 3:32 pm with no public in attendance. Edwards began by reviewing the map that indicated the property to be excluded from the District. Edwards stated that, overall, the public response has been favorable with the exception of a parcel in Section 25, Lot 5, Minor Sub 249, and a private sewer service in Section 26 that are both owned by Tom Gerrard. Mae Nan Ellingson questioned leaving the little island parcel in Section 26 in the District and recommended doing a specific service contract to clean up the service area. Edwards said the Grizzly Flats center has a similar situation that is getting service via an agreement. Director Peacock would like to see Grizzly Flats service also cleaned up. Edwards said Gerrard is agreeable to doing whatever it takes, as long as it does not jeopardize sewer service to his house. Edwards said the District is proposing to set up two separate jurisdictional areas, one for sewer and one water. Hall's 4-lot minor is on the water debt service but not the sewer. Olsons, by Pinewood Hills, do not want to be in either district. Edwards has not heard from McBride's on their property. Edwards reported that both water and sewer lines run past the Olson and McBride properties. Edwards said he still does not have a voting date from Shelley Vance, Gallatin County Elections Department. The bond resolutions and the water and sewer boundaries will be presented to the Board for approval at their December meeting. Edwards relayed that Director Ingraham has suggested keeping the debt service area the same as the original boundaries in the previous bond election. Ellingson expressed concern about subjecting all properties to a tax levy, as the properties need to benefit from the tax by having capability of service. The old bond was never put on the tax rolls and Ellingson does not believe having new boundaries will be a problem. Directors Radick and Wiggins believed that the Board had already set the course for new boundaries and that the District needs to proceed in that direction. Barb Campbell questioned the taxable values used in Edwards estimates, with Edwards stating that they are equivalent to their taxable base. Section 33, Boyne, is left in as Boyne has said they plan on doing something with the property in the future. Sections 1 and 31, Simkins, do not have to pay for the sewer bond. If Spanish Peaks Resort Area is annexed in, they would be

included in the tax base to repay the sewer debt service and that will help offset the effect of Section 1.

With no further comment, President Crowther closed the public hearing at 4:01 pm.

### **REGULAR MEETING -- 4:02 PM**

With no public comment, President Crowther called the regular meeting to order at 4:02 pm.

#### **APPROVAL OF MINUTES**

*Director Peacock moved to approve the October 25, 2001, regular meeting minutes as written. Director Radick seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Crowther voting.*

#### **FINANCIAL REPORT**

October Financial Reports: Smith reviewed the October financial reports with no significant changes. Smith has been working on getting long term and short term disability insurance for employees and will report on his findings at the next meeting.

*Director Peacock moved to accept the unaudited October financial reports. Director Radick seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Crowther voting.*

#### **OPERATOR REPORTS**

##### Sewer System Operations:

**Monthly Report--Edwards** reported that the flows are typical for this time of year and that the plant has been shut in.

##### Water System Operations:

**Monthly Report--Edwards** reported that the Washaki road repair was done and he sent Madison County a bill asking that they pay half of the approximately \$1,300 bill. Edwards said there has been a water pressure spike in the Mountain area and there has been reported damage. Some of the affected property owners have asked the District if we would help pay for cleaning up water damage. Edwards noted that we are indemnified with our ordinance and we have not been able to identify the cause of the pressure spike. Edwards recommended not covering the repairs unless it can be clearly identified as a District problem. If the property owners want to subrogate against the District, then the Board will deal with that if it happens.

#### **BOND COUNSEL SERVICE AGREEMENT**

Mae Nan Ellingson provided a revised service agreement with an increased estimate between \$25-\$40,000 and estimates that she will be somewhere between \$35-\$40,000. Edwards does not have a problem with the revised figures.

*Director Radick moved to accept the revised service agreement. Director Wiggins seconded the motion. Motion carried, 4 yea votes to 0 no votes.*

Edwards distributed Barb Campbell's revised service agreement letter. Campbell said that with the Board's decision to go with a GO bond, most of her service on structuring has been eliminated, she has provided rates for providing the District further assistance. Edwards said the hourly rate is \$95 and \$5,000 for submitting and preparing each application and \$5,000 for each grant application.

***Director Peacock moved the accept Campbell's service agreement as presented. Director Radick seconded the motion. Motion carried, 4 yea votes to 0 no votes.***

#### **WATER FACILITIES PLAN PROJECT**

Edwards stated that additional work needs to be done on the plan. Allied's estimate of \$9,000 would update plans, specs, etc. Edwards does not have any problems approving the change order. Director Peacock asked how we got from a 500,000 to 900,000 gallon tank. Edwards explained the fire storage and build out needs, and stressed that then the District would not have to police water use with the tank size increased.

***Director Radick moved to approve Allied Engineering's change order for \$9,000. Director Peacock seconded the motion. Motion carried, 4 yea votes to 0 no votes.***

#### **DIRECTOR ELECTION**

Edwards explained that Shelley Vance has provided two certificates that need Board approval. One board vacancy will be filled with Bill Shropshire. The other position vacancy has two potential candidates as Packy Cronin recently gave Edwards a note that he would like to remain on the Board and Gary McRae indicated a couple of months ago that he was willing to serve on the Board. Director Peacock indicated that in the near future, he feels that he will not be able to be on the board as he will no longer own property in the District.

***Director Peacock moved to appoint Bill Shropshire to the vacant board seat by acclamation. Director Wiggins seconded the motion. Motion carried, 4 yea votes to 0 no votes.***

Board members felt that they owed Gary McRae the Board Member position since he had expressed his interest prior to Packy.

***Director Wiggins moved to appoint Gary McRae to the remaining vacant board seat. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes.***

***Director Peacock moved to appoint Director Radick to the position of President for one year, Director Wiggins as Vice-Chair, and Director Rothschilder as Secretary-Treasurer. Director Crowther seconded the motion. Motion carried, 4 yea votes to 0 no votes.***

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

Edwards reported that DEQ approved the amended plan. The District has not withdrawn their discharge permit, but intends to do so when everything is in place.

### **YELLOWSTONE CLUB WELL AND WATER LINE**

A drill rig has been moved in and they are down to 280', hitting pretty good water at 250 gpm with a 12" cased hole. They will cement the casing then proceed with their testing. Once we are satisfied, they will work to tie it into the lines. When the well is completed it will run into the District water supply.

### **ANNEXATION & EXCLUSION OF LAND**

Edwards reported on the copies of resolutions, stating that Shelley Vance is getting comments and opinions from the Secretary of State. Vance does want to do two elections, but she still has not given us an election schedule. Edwards said Vance is aware that we are waiting. Ellingson and Campbell felt that February would probably be the earliest an election could be done, but to expect March.

The Lone Moose Meadows development is wrapped up in the annexation petition. Edwards said there is not much we can do, Vance has to do the election; as by Statute more of our District is in Gallatin County.

### **LEGAL ISSUES**

Cronin Litigation Settlement Status: Edwards has called and sent a letter to Cronin stating our settlement. Max Davis has sent us the insurance company's portion of \$50,000. Davis is also preparing the document, and it should be sent within a week or so.

Hall Litigation: They are gearing up to do depositions on the Tract 4 litigation.

### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

A status report was provided in the manager's report. Edwards is preparing documents for Cascade Water, Holiday Inn, The Pines, Town Center, and Blue Grouse and will try to get them finished up before winter settles in.

### **AUDIT REPORT**

Marjorie Knaub reviewed the highlights of the audit report, noting that it is an unqualified audit report, or a clean opinion. Knaub reported that the District is in good financial position. Comparative statements from last year were provided and obsolete assets of \$346,000 were written off. The Boyne settlement payment was not paid prior to June 30, 2001, so it is not listed. The footnotes will provide details and explanations. There were no compliance problems with internal controls. The audit adjustments made are in the report. Knaub reported that this is the third year of their auditing and assumes the District will go out to bid for next years audit. Knaub stated that they would not bid this low again, probably not under \$8-\$9,000. Knaub said we could ask for single audits with the bonding issue and she has sent the information to Terry Smith. Knaub will submit the audit report to the Department of Commerce prior to December 31.

*Director Peacock moved to accept Knaub & Company's FY 00-01 audit report as presented. Director Wiggins seconded the motion. Motion carried, 4 yea votes to 0 no votes.*

### **SEWER & WATER PERMITS**

Status Report: Edwards will prepare, for the next board meeting, a draft ordinance to release additional SFEs.

### **ANNUAL DINNER**

The Board suggested Bucks T-4 on Friday, January 4, 2002, for the annual board dinner.

### **GENERAL CORRESPONDENCE**

Gettel Letter: Edwards asked for Board comment. The Board directed Edwards to write to Gettel saying that the charge follows the ordinance and that we are working towards changing the rate to a metered rate.

### **WATER METER RATES**

Edwards reviewed Board concerns from the October meeting, asking that the Board hone down the rate so that we can go to a hearing with the rate change. Carl Anderson reviewed his rate summary that was provided in the manager's report. The comparison was done with figures from Red Lodge. Edwards suggested getting 4 or 5 commercial business metered so that the District could gather data on gallons used. Board members noted that the reason for metering is to make charges more equitable for people who do not use much water. President Crowther asked what if we used \$15.00 as a base rate and the incremental be about \$1.80. Director Radick suggested using the 60/40 or 50/50 alternative. Edwards asked Anderson how common is an escalating rate in Montana. Anderson responded that it is usually used in larger communities, like Billings. Director Radick didn't feel the District should use an escalating rate unless there is a large demand for it.

The Board agreed to take to public hearing the proposed water rate of \$15.00 monthly as a base rate for 3,000 gallons, and \$1.89 as the incremental rate for each extra 1,000 gallons. And, the District is to get some meter data from commercial users. Edwards said November to April water use will set sewer rates.

### **CHANGE OF COMMAND**

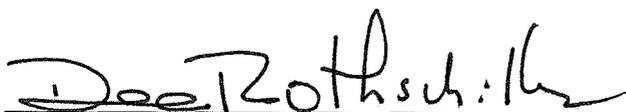
In appreciation for Jack Crowther's service, Edwards gave Jack a plaque and dinner gift certificate.

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, December 18, at 3:30 pm in the WSD community room.

### **ADJOURNMENT**

*Director Peacock moved to adjourn the meeting at 5:25 pm.*



Dee Rothschild, Secretary  
11-20-01 .min (Board Approved 12/18/01)

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

**Acceptance of Monthly Financial Statements**

Date 1/20/2001

The Board of Directors at its 1/20/2001 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>10/31/2001</b>
Assets:	<u>\$ 20,777,776</u>
Liabilities	<u>\$ 7,303,249</u>
Equity	<u>\$ 13,474,527</u>

2 Income Statement as of	<b>10/31/2001</b>
Total Revenues	<u>\$ 1,345,951</u>
Total Expenses	<u>\$ (474,565)</u>
Net Revenues	<u>\$ 871,386</u>

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

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

Acceptance of Monthly Financial Statements

Date 10/25/2001

The Board of Directors at its 10/25/2001 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>09/30/2001</b>
Assets:	<u>\$ 20,654,208</u>
Liabilities	<u>\$ 7,393,260</u>
Equity	<u>\$ 13,260,947</u>

2 Income Statement as of	<b>09/30/2001</b>
Total Revenues	<u>\$ 1,133,282</u>
Total Expenses	<u>\$ (375,465)</u>
Net Revenues	<u>\$ 757,817</u>

  
Jack Crowther, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- October 25, 2001, 1:00 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 1:00 pm on Thursday, October 25, 2001, in the WSD Community Room. President Jack Crowther, Secretary Dee Rothschiller and Directors Stewart Peacock, Packy Cronin and Skip Radick (left at 2:35 pm) were present. Vice-President Wendell Ingraham and Director Dick Wiggins were not present.

Others present were WSD staff Ron Edwards, Terry Smith, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Marcus Hibdon; Dorsey & Whitney bond counsel Mae Nan Ellingson, Double Tree financial consultant Barb Campbell and HKM engineer Carl Anderson.

**PUBLIC FORUM**

With no public comment, President Crowther called the meeting to order at 1:10 pm.

**APPROVAL OF MINUTES**

*Director Radick moved to approve the September 27, 2001, regular meeting and public hearing minutes as written. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Crowther voting.*

**FINANCIAL REPORT**

September Financial Reports Terry Smith reviewed the financial reports. After researching quotes from local banks, Smith reported that the CDs that needed to be redeposited will be deposited at Big Sky Western Bank as they gave the highest CD rate of 4.5%.

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

**EXECUTIVE SESSION**

The Board went into executive session at 1:20 pm to discuss the Cronin settlement offer.

*Director Radick moved to accept Paul Cronin's settlement offer of \$78,000 to settle all actions against the District, plus Cronin's claim against the Public Service Commission. Director Rothschiller seconded the motion. Motion unanimously passed, 4 yea votes to 0 no votes with Board members Radick, Peacock, Rothschiller and Crowther voting. The insurance company will cover \$50,000 and the District is responsible for \$28,000. Edwards is to call Mike Wheat and Paul Cronin today.*

The Board reconvened into regular session at 1:30 pm.

**ANNEXATION & EXCLUSION OF LAND FROM THE DISTRICT**

Bond counsel Mae Nan Ellingson, Dorsey & Whitney, discussed the annexation Ordinances 01-1001, 01-1002 granting the petitions of Boyne and Yellowstone Club et al and calling for an election on each annexation; and Resolution 01-04 excluding land from the District and calling for a public hearing on November 20th. In response to Director Cronin's

inquiry as to whether all affected property owners for the exclusion of land from the District were notified, Edwards said all owners were notified by mail and that he will notify them again for the November hearing.

***Director Cronin moved to accept Resolution 01-04. Director Peacock seconded the motion. Motion carried, 5 yea votes to 0 no votes.***

Mae Nan Ellingson informed the Board that Ordinance 01-1001, to annex Boyne's land into the District, could be approved by the Board without a vote since the Boyne property annexing does not require any additional SFE commitments so additional capacity for the annexing land is not an issue. The Yellowstone Club Spanish Peaks development annexation will add an additional 1900 SFEs per the YC Agreement so it does require an election. Director Radick asked what happens if Boyne sells the land and if it should be in writing that there are no additional SFEs for the Boyne property to be annexed. The issues regarding the election procedure were discussed. According to Edwards, Shelley Vance feels that combining the 2 annexation questions would be too complicated. Director Cronin stated that the voters should have a voice on both annexation petitions. The District will put the burden on the Gallatin County Elections Department to work through the election issues for 2 separate annexation petitions.

***Director Peacock moved to accept Ordinances 01-1001. Director Cronin seconded the motion. Motion unanimously passed, 5 yea votes to 0 no votes.***

***Director Radick moved to accept Ordinance 01-1002. Director Peacock seconded the motion. Motion unanimously passed, 5 yea votes to 0 no votes.***

## **RESOLUTIONS**

The Board discussed the other draft Resolutions concerning the bond election and establishment of jurisdictional areas, and they changed the Resolution numbering to 01-05, 01-06, 01-07, 01-08. Resolutions 01-05 and 01-06 create the intent of establishing a sewer and water jurisdictional area and call for a public hearing. Mae Nan Ellingson discussed each resolution, and Edwards reviewed the maps of the jurisdictional areas and discussed the differences in the jurisdictional areas. In conjunction with the jurisdictional resolutions, the Board wants to address the parcels that are within the District, near the sewer and water service areas that were never included as a legal obligation for service. The Board discussed how best to deal with parcels that are not included in the jurisdictional subdistricts that would not pay a tax for bond indebtedness, and that they would have to pay something to connect to the system in the future in lieu of annual tax payments. Ellingson discussed the tax levy for individuals who are not directly benefitted by the tax, that they would most likely have a real problem with the tax and would expect future service if taxed. Plant investment and surcharges were also discussed noting that property owners may wonder if they are paying twice, once through the PICs and surcharges and then through the tax levy considered for general obligation bond indebtedness, if approved. Mae Nan feels, and it is the consensus, of the Board that the subdistricts are the most equitable way to levy at this point. Ellingson discussed the ordinance asking what will be

done with plant investment charges and suggesting that the District should address the issue through an ordinance saying that the PIC, or a certain portion, will be used for this plant development or capital construction project. Clarifying what percentage of the PIC and surcharges to be used for bond repayment such as 90% is one thing that could be done to address the issue of property owners paying twice; a PIC and tax levy. Responding to President Crowther's question on the overlap on water and sewer jurisdictional subdistricts, Edwards said it was roughly 95% of the properly that is common to both jurisdictional districts. To clarify Ellingson's position with regards to General Obligation Bonds (GOB), she said she does not recommend a GOB, but if the District does go with the GOB, then she recommends the subdistricts as the most equitable approach. Edwards followed with a review of estimated tax payments for the water and sewer improvements. Director Cronin asked that immediately following the voting, the Board should work toward cleaning up the District boundaries to more closely match the boundary with the area which will be serviced someday to avoid problems with future property owners who want sewer and water services that are in the District but were not paying toward bond indebtedness.

***Director Peacock moved to accept Resolution 01-05. Director Cronin seconded the motion. Motion unanimously carried, 5 yeas\* votes to 0 no votes.*** The edges of the subdistricts are to be cleaned up to the areas that will eventually be serviced.

***Director Cronin moved to accept Resolution 01-06. Director Rothschiller seconded the motion. Motion carried, 5 yeas votes to 0 no votes.***

Board action was tabled until the next Board meeting for Resolutions 01-07 and 01-08, calling for bond elections on the sewer and water projects.

Ellingson noted that 60% plus 1 of those voting on the ballot for bond issues is needed for the ballot to pass.

There was discussion regarding plant investment fees and the problem of new owners paying and old owners not paying and having to pay less through their tax levy. Director Cronin said the current package is skewed towards the existing homeowners. Ellingson said the PICs will be used to reduce the amount borrowed, and that the old infrastructure value should be the basis for an impact fee. Going forward, Mae Nan suggested that one way to adjust the amount of the PIC is to base the amount of the fee on the value of the old infrastructure making the fee representative of their proportionate cost of the old infrastructure. To sell the bond issues, the cost factor should be emphasized to show the low annual amount each homeowner would pay. Ellingson reiterated the need to pledge a certain amount of PIC money, in writing, to give the public and the Board clear guidelines for bond repayment.

The Board discussed informing the public on the bond issues and respective costs. Edwards will work on a newsletter showing worst and best case scenario facts for District property owners. Edwards discussed the elections and his meeting with Shelley Vance on the elections. Shelley could not provide a specific date for any of the pending election issues,

so all election date references on the resolutions are blank. However, the District's goal is still to have all the financing in place before the projects go to bid if at all possible. Ellingson said the annexation election could go with the bond election, as one election, if the Gallatin County concurs.

Edwards discussed the bond counsel service agreement with Ellingson. Ellingson's preliminary cost proposal is \$18,000-\$20,000 for the sewer portion of her bond **project** and \$8,000 for the water portion. Ellingson will submit firm numbers for Board consideration at the November 20 meeting.

#### **LONG TERM COMPLIANCE WORK PLAN**

Edwards reported that 50% of the plan is completed. In regards to the force main pipeline, Carl reported that he is 50% completed.

#### **PROPOSED DEVELOPMENTS**

Brief reports were given on The Pines, Deer Run, Holiday Inn, and Cascade Booster Station. In regards to replacing the main lines on Low Dog Road, Edwards has sent out letters to property owners affected. The project will take approximately 60 days to complete.

#### **BOARD ELECTION**

Edwards is to contact Shelley Vance, again, for the specific paper work to appoint the new board members. Packets will need to be sent to the new Board members.

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

Edwards reported that 7.9 new SFEs were issued. Edwards will send out a letter to HKM requesting engineering concurrence on releasing additional SFEs for new permits. The Board discussed Radick's request for a private well for his house in Blue Grouse Hills. Edwards explained that the property fits the criteria for the board to grant the private well request.

*Director Peacock moved to approve Radick's request for a well within the District boundary. Director Rothschilder seconded the motion. Motion carried, 4 yea votes to 0 no votes.*

#### **WATER METER PROJECT**

Carl Anderson discussed water meter rate setting, prefacing his comments by stating that the project has been frustrating due to the fact that the District has no historical meter data to work from. Anderson reviewed a letter that he sent to the District detailing the rate structure proposal. The rate structure is based on accounts with each account getting a set volume of water (3,000 gallons per month) as a base rate charge (\$13.88 per month), plus an additional charge based on water usage (\$2.00 per 1,000 gallons over the base volume). There is no distinction between commercial or residential users and the rates they would pay. The fixed and variable costs were taken into consideration in the proposed base rate charge with 60% of the fixed costs used for the base rate charge at \$13.88. Director Cronin

asked if there is a need and incentive to conserve water. Edwards said the metered rates will allow the District to reduce the irrigation restrictions on water use. Anderson said the rate model can be adjusted in any way the Board sees fit to come up with the rates that are appropriate initial rates. Edwards reviewed a rate projection table applying the proposed rate to actual meter read data from a sampling of 100 homes. The District is to send homeowners a notification letter before the first metered-based bill goes out so that homeowners have an some idca of what the new rate will do to their water bill based on their average usage. Anderson talked about reducing the variable rates and the effects and impacts it would have on the rates. Barb Campbell suggested that the District look at other communities to compare possible impacts--maybe Red Lodge for comparison. The District may put in meters at various commercial entities to get an idea of the impact the water projection rates will have on those commercial users. Anderson will run his model with 3 scenarios for review at the next Board meeting. Campbell noted some other communities around the State have rate structures designed for income level so that lower level income users would not be hit as hard with the rate structure. Anderson stated that with the uniqueness of Big Sky, the period of November-April will be used for basing the rate structure for sewer.

#### **SILVERTIP AGREEMENT**

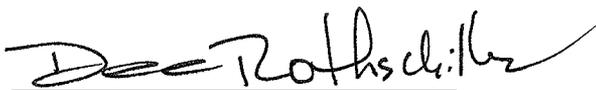
Edwards asked the Board if they wanted to terminate the water use agreement with Silver-tip, noting that a 60-notice is required. Cronin asked if there were any good reasons to terminate the agreement at this time. The issue will be discussed later as to a decision to terminate the agreement with Silver-tip and if it is in the District's best interest to do so and the precedents it sets.

#### **ANNUAL DINNER**

President Crowther and Director Cronin requested that invitations to the Board of Directors annual dinner be sent to exiting board members even though their terms are up.

#### **ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 4:35 pm.*



Dee Rothschild, Secretary

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

**Acceptance of Monthly Financial Statements**

Date 09/27/2001

The Board of Directors at its 091271200 1 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>08/31/2001</b>
Assets:	<u>\$ 21,417,898</u>
Liabilities	<u>\$ 7,250,475</u>
Equity	<u>\$ 14,167,423</u>

2 Income Statement as of	<b>08/31/2001</b>
Total Revenues	<u>\$ 896,197</u>
Total Expenses	<u>\$ (249,553)</u>
Net Revenues	<u><u>\$ 646,644</u></u>

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

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

**Acceptance of Monthly Financial Statements**

Date 08/22/2001

The Board of Directors at its 08/22/2001 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>07/31/2001</b>
Assets:	<u>\$ 21,404,382</u>
Liabilities	<u>\$ 7,582,418</u>
Equity	<u>\$ 13,821,965</u>

2 Income Statement as of	<b>07/31/2001</b>
Total Revenues	<u>\$ 2,773,422</u>
Total Expenses	<u>\$ (1,531,813)</u>
Net Revenues	<u>\$ 1,241,609</u>

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

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363  
**Public Hearings & Regular Meeting -- September 27, 2001, 9:00 am**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled three public hearings and its regular meeting on Thursday, September 26, 2001, in the WSD Community Room. President Jack Crowther, Vice-President Wendell Ingraham (arrived at 9:37), Secretary Dee Rothschilder and Directors Packy Cronin, Dick Wiggins, Skip Radick, and Stewart Peacock (arrived at 12:48 pm) were present.

Others present were WSD staff Ron Edwards, Terry Smith, Jim Muscat and Marlene Kennedy; Allied Engineering representative Terry Threlkeld; Double Tree representative Barb Campbell; HKM Engineer Ray Armstrong; legal counsel Mike Wheat; and Lone Peak Lookout writer Marcus Hibdon.

With no public comment, President Crowther called the first public hearing to order.

**WATER FACILITIES PLAN PUBLIC HEARING--9:00 AM**

President Crowther called the Water Facilities Plan Public Hearing to order at 9:07 am with the following individuals from the public in attendance: Michael Oshier, John Heimsch, Carroll Toepffer, and Harold Mcabon.

Terry Threlkeld provided a project overview noting that there are 1308 water SFEs online to the meadow water system with undersized storage tanks to meet demands. Allied Engineering's main recommendations were to build up storage, increase well capacity, and to install 22 fire hydrants, which is now occurring at an estimated cost of \$50,000 and funded by resort tax. Specifically, the plan included the following recommendations: replace the Hidden Village tank with a larger capacity tank; build a new tank between Hidden Village and Blue Grouse; add mains between Hidden Village, Blue Grouse and Westfork Meadows; up size the Sweetgrass tank to 400,000 gallons and connect it to the meadow system; and add backup power to the meadow system. Also recommended was metering, which the District is currently doing. The equipment at the Blue Grouse booster station will be re-utilized with the new tank. Using SRF money with 4% interest, Threlkeld estimated that the cost per SFE would be under \$3.00.

Ron Edwards presented the estimated total water facilities plan project cost at \$1,449,527, with metering included the cost would be \$1,931,603. Options for paying included either a revenue bond or a general obligation bond with the Board supporting the GO bond. Edwards indicated the areas to be in the assessment district, which also included the mountain area and Aspen Groves. The District would pursue a 20-year loan program at 4% for \$1.7 million. Property valued at \$300,000 would have an annual assessment around \$56. Director Ingraham noted that metering needs to be funded consistently between single family homes, multi-family and commercial development. In regards to public inquiry concerning water system deficiencies being identified, the District does have substantial insurance coverage. Edwards stated that the Board's intent is to put both the water and sewer improvements on one bond election. Barb Campbell, Double Tree Inc., discussed loan and grant options.

With no further public comment President Crowther closed the public hearing at 10:05 am.

### **LONG TERM COMPLIANCE WORK PLAN PUBLIC HEARING--10:00 AM**

President Crowther called the Long Term Compliance Work Plan Public Hearing to order at 10:07 am with the following individuals from the public in attendance: Michael Oshier, John Heimsch, Carroll Toepffer, and Harold Meabon.

Ray Armstrong presented the LTCWP overview, reporting that HKM has approximately 50% of the design work done. The revised LTCWP includes a composting system to dispose of the sludge. The entire cost is estimated to be \$15.3 million. Ron Edwards reviewed the proposed assessment areas and itemized costs, noting Board support for a GO bond to fund the project. A portion of the fund balance will be prepaid using the plant investment charges the District has already collected. Edwards stated that the assessment in the initial years would be fairly low. Estimated costs over the next 20 years for a \$300,000 home would be \$7,900 using the worst case scenario with 0% growth, using a conservative growth scenario the cost would be \$3,700. Director Ingraham wants any excess debt service collected returned to the tax payers and that they be assured that excess funds would be returned. Harry Meabon asked who gets priority for use of the treated wastewater, with the answer being the meadow center golf course. Edwards stated that scheduling is for getting a bond election done in January, bidding in the winter and construction starting in the spring. Armstrong said the plant could be online in the fall of 2003.

With no further public comment President Crowther closed the public hearing at 10:45 am.

### **PETITIONS FOR ANNEXATION & EXCLUSION OF LANDS PUBLIC HEARING--1 1: 00 AM**

President Crowther called the Public Hearing for Petitions for Annexation and Exclusion of Land to order at 11:00 am with the following individuals from the public in attendance: Michael Oshier, John Heimsch, Carroll Toepffer, Bob Lee, Bob Sumpter, Gary McRae, and Harold Meabon.

Ron Edwards reviewed the properties that petitioned for annexation; Yellowstone Club (Spanish Peaks and Lone Moose Meadows) and Boyne (portion of Section 25 in Madison County), noting that these petitions were certified by the Gallatin County Clerk and Recorder. Lands to be excluded are in Gallatin County; being all of Section 27, half of Section 25, and a small area in Section 31. Mike Wheat discussed the procedure and resolution for the annexation and exclusion of lands. The election will be presented to all property owners in the District as one mail ballot with separate voting on each issue. The approval threshold is believed to be 50% of the respondents that vote. The ballot should be mailed in January, but we will need the mail ballot schedule from Gallatin County. Mike Wheat will draft the wording to go on the ballot. This ballot will be separate from the bond election. Harry Meabon asked if the Board can unilaterally cut land out of the District. Mike Wheat responded that it can be done either by petition or by the Board. Director Ingraham asked how can the District not have a legal obligation to serve property

in the District whether or not they are listed on Table 3.1. Director Ingraham felt the District needs supporting legal documentation from the owners that may be excluded from the District. Wheat said that the public hearing process is part of the documentation. Director Cronin asked if there are any other properties without a commitment that may want to be excluded. Supporting Director Ingraham's comment, Director Cronin stated that if properties are in the District, then they should have a commitment of SFEs. President Crowther asked that the District request this issue be on the November ballot. Bob Sumpter questioned whether performing the election process in January will allow enough time to get the debt election done. Bob Lee of Morrison-Mairele, representing Antler Ridge, commented they are fully in support of removing that property. Bob Lee will get the comments in writing from Mr. Conte, the owner of the property. Bob Lee asked if the Board will make a recommendation on the ballot itself. Barb Campbell stated no. Mike Wheat said the Board probably cannot put comments of that kind on the ballot. The District will need to send out a newsletter with a sample ballot and District opinion prior to the election. Mike Wheat recommended asking the Gallatin County Clerk & Recorder if the District can do that.

With no further public comment, President Crowther closed the public hearing at 11:45 am.

### **REGULAR MONTHLY BOARD MEETING--12:30 PM**

With no public comment, President Crowther called the meeting to order at 12:30 pm.

Jerry Scott, President of Gallatin Associates, asked the Board to consider deferring a portion of the plant investment charge and Boyne surcharge that would be for the post office space until that space is no longer being used for the post office. Scott said that their goal for the post office is to cut the losses to about \$40,000 year. If, or when, the use of the space would change to a non-public use, Gallatin Associates would pay the deferred fees within 10 days, or whatever the Board desires. Scott informed the Board that the post office is set up as an LLC under Gallatin Associates and, after two years, the LLC can petition the post office for more funds to cover operating costs. Al Malinowski reported that the post office looks at the revenue of the contract station. The Board tabled immediate action on the request and will discuss the issue later. Edwards reported that there have been two other incidences in the community where the fees were deferred over time and the fire district fees had been waived.

### **AMEND AGENDA**

*Director Cronin moved to amend the agenda to address the SRF application. Director Ingraham seconded the motion. Motion unanimously passed.*

### **SRF APPLICATIONS**

Barb Campbell reported that the District does need to get in line for SRF funds. On the wastewater, she has included that the District will partially fund up front, using not less than \$2.5 million of the PIC in the application. While Mike Wheat reviewed the resolution,

Edwards read the entire Resolution #01-03. Director Ingraham requested that future resolutions be reviewed by legal counsel before presentation to the Board.

Resolution #01-03: Authorize Submission of Application to Water Pollution Control State Revolving Fund Program

*Director Ingraham moved to adopt Resolution #01-03. Director Cronin seconded the motion. Motion passed via voice vote, 6 yea votes to 0 no votes with President Crowther voting.*

Resolution #01-02: Authorize Submission of Application to Drinking Water State Revolving Fund Program

*Director Ingraham moved to adopt Resolution #01-02. Director Radick seconded the motion. Motion passed via voice vote, 6 yea votes to 0 no votes with President Crowther voting.*

Campbell stated that the Board needs to make a decision and that she is not a fan of sub areas as it creates a more complicated record keeping system in addition to other potential problems. Director Peacock arrived at 12:48 pm. *The Board asked that Mike Wheat advise the Board on how the PICs were designed to do these kind of improvements and about the creation of sub areas/districts.*

**AMEND AGENDA**

*Director Ingraham moved to go back to the regular agenda. Director Cronin seconded the motion. Motion unanimously passed.*

**APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the August 24, 2001, regular meeting minutes with minor corrections. Director Wiggins seconded the motion. Motion carried, 7 yea votes to 0 no votes with President Crowther voting.*

**FINANCIAL REPORT**

August Financial Reports Terry Smith reviewed the financials as of August 31, 2001.

There were no unusual or extraordinary expenses in the month of August. Bill Dutton, Big Sky Western Bank, did submit a proposal for the District to refinance the office building mortgage. Smith has requested a refinancing proposal from American Bank. Smith is to ask Dutton if the proposal is contingent on moving our accounts to Big Sky Western. Smith recommended keeping our operating accounts at American Bank until he has had more time to evaluate the alternatives. Director Cronin stated that we need to do our homework before moving our banking to our ex-employee. Director Ingraham stated that he believes that our District policy and maybe our statutes prevents any former employee from benefitting in business financially for two years after employment or being a board member. Smith reported that the job is going pretty well and he is using Dutton's assistance on a limited basis. Director Ingraham stated that he supports staff taking advantage of continue education to make sure we are properly handling the District's

accounting. Smith would like to contact other resort type areas to see how they are doing their accounting. Smith will continue to pursue courses that are relevant to his job with the District. Director Ingraham asked if the District can buy short term bonds to improve our overall returns. *Smith will look into short term bonds.* Wheat stated that the Board is given pretty broad powers of what they can do, however, they have fiduciary obligations to constituents.

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

#### **AMEND AGENDA**

***Director Peacock moved to go into executive session to discuss the Cronin settlement letter of August 27. Director Ingraham seconded the motion. Motion passed.***

#### **LEGAL ISSUES**

Cronin's settlement offer was discussed in executive session.

***Director Peacock moved to go from executive session back into regular session. Director Ingraham seconded the motion. Motion passed.***

#### **AMEND AGENDA**

***Director Ingraham moved to amend the agenda to address item V. H., District Board Election. Director Radick seconded the motion. Motion passed, 6 yea votes to 0 no votes.***

#### **BOARD OF DIRECTORS ELECTION**

Edwards and Wheat reviewed the board member election procedures since only 1 application was filed for the two positions. According to Wheat, the election administrator can cancel the election if the candidates are equal to or less than the positions available.

***Director Ingraham moved to accept the information and recommendation as presented in John Brown's letter of September 27, 2001. Director Wiggins seconded the motion. Motion passed, 7 yea votes to 0 no votes. Edwards will call and/or write Shelley Cheney asking that the board election be canceled.***

#### **AMEND AGENDA**

***Director Ingraham moved to amend the agenda to address item IV. C., Managers Report. Director Radick seconded the motion. Motion passed unanimously.***

#### **ANNEXATION & EXCLUSION OF LANDS**

Wheat reviewed the draft resolution on annexation in the Manager's Report and stated that he is in the process of drafting the ordinance on the annexation. Wheat said the Board needs to take some action on the petitions for annexation and exclusion.

*Director Radick moved to accept the petitions for annexation and exclusion and any public comment made today has been so noted. Director Peacock seconded the motion. Motion passed, 7 yeas votes to 0 no votes. Wheat will prepare the resolution for final form and also prepare the ballot verbiage.*

*Director Ingraham moved to have something in the file that states that Cok, Wheat and Brown are our legal counsel and they represent the District. Motion died for lack of a second. Other Board members and Edwards stated that it would suffice to have Wheat write a letter stating they represent the District.*

### **OPERATOR REPORTS**

Sewer System Operations: Grant Burroughs was not able to attend the meeting but his flow reports were distributed. Edwards noted that for the summer, the flows are up from last year across the board. The pond levels are less than 1 foot and operationally, things are going well. We are now irrigating with treated water, with shut down probably around the second week of October.

Water System Operations: Monthly Report--Jim Muscat distributed his flow reports that showed high use in the meadow and low use in mountain area. The meters have not taken effect as the District is not charging via metered use yet. Muscat reported that the Yellowstone Club project is near completion with the exception of well drilling. Muscat has been in the loop on project reporting and working with Glen Wood has been going well. Muscat reported that nearly everything on the Cascade booster station is done. The chlorination still hasn't been done and Gaston Engineering reported to the District that they are scheduling Williams plumbing to do the testing. Chlorination will probably be done this fall. Edwards stated he still has not received the asset values from Gaston. Director Ingraham said the Board should delay taking over the system until January, 2002. Muscat stated that the transfer agreement should include the success of chlorination as a condition of acceptance. Muscat reported that the Meadow Center water and sewer is in and a walk through has been done. Simkins' Town Center is progressing quite well. With fire hydrant replacement, 15 have been done and there are 8 to go. The contractor should be done today. Director Cronin would like the landscaping replacement around the hydrant done this fall. The hydrant replacement will increase fire protection and may improve ISO ratings.

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

Design Phase Status: Ray Armstrong reported that he met with Gallatin Peaks representatives last week regarding the bridge crossing and both parties are in agreement on location. Armstrong would like to be able to bring the fill out and eliminate a pier. HKM will be looking at the cost of the two options and a report will be given to Edwards and Gallatin Peaks to review prior to submitting for agency reviews. We will need an easement from Gallatin Peaks for the utility crossing, which should not be a problem to get. While the bridge is being constructed, we will need access through the park to get to the treatment plant site. Plans and alignments for the line to the YC are done. A septic dump station has been added. Armstrong will do a preliminary report to Todd Teegarden and then also

submit a final. HKM is working on the structural design now. If the county doesn't agree to the emergency access through BSOA, then the District will have to look at another bridge. Director Cronin stated that we do not need a second access as we are not doing a subdivision. The second access does not involve the District. However, Simkins' .43 acres is still wanted for the park and the Simkins will only work with the District, not BSOA. Director Ingraham stated that we made a commitment to the Simkins to work this out and we need to continue working on this. Director Radick commented that since the BSOA needs SFEs for their park, all parties will benefit by working this out. President Crowther asked if the compost can be sold. Armstrong stated that the plant they visited did sell their compost. Edwards stated that the State has a renewable resource grant program that he will explore next year. Armstrong stated that Carl Thueson has been contacted to do a landscaping plan. President Crowther appointed Dick Wiggins to work with Grant Burroughs and Ron Edwards on the screening project along the highway corridor. Armstrong will have the Board review the landscape and architectural plans for the treatment plant.

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

Edwards has met with Mike Hickman, Morrison-Maierle, and he reported that they are at 50% completion on design and will submit application to the State for approval to build it next year. The District will keep tabs on their storage pond progress to make sure their progress is in line with the District's schedule.

#### **LTCWP & WATER FACILITIES PLAN FINANCING**

Edwards reported that we plan to be in construction next year. The District will mail information to property owners that also presents the cost.

#### **WATER METERING PROJECT**

Edwards reported that the cost to complete the metering project, with everyone having their own meter, is about \$.5 million. For funding, Edwards recommended including it in the SRF application since we haven't billed anyone for the hardware or the meters on the first phase yet. We could also role in the 1st and 2nd phase labor costs, and then bill homeowners and/or unit owners for equipment. Edwards stated that the District needs to create a meter rate to bill the last quarter on metered usage. To do that we would need to amend our rate ordinance, which would require a public hearing. If we do not get it done, we will continue to bill on a per SFE flat rate. Edwards said billing can start on a portion of the metered customers, we do not have to wait until all meters are in.

#### **SOURCE WATER PROTECTION PLAN**

Edwards stated we got our contracts and are moving ahead.

#### **LOW DOG ROAD SEWER & WATER REPLACEMENT**

This project will be on hold until Spring as a temporary water line would probably freeze. Director Peacock asked if we have contacted the homeowners on the status of the project. *The Board directed Edwards to write a letter to those properties that may be affected.*

## **SEWER & WATER PERMITS**

### Status Report

*Director Ingraham moved to approve the Paul Cronin 's sewer/water connection permit application in Westfork Meadows for 6.08 sewer SFEs and 5.30 water SFEs. Director Peacock seconded the motion. Motion passed, 6 yea votes to 0 no votes with Director Cronin abstaining.*

### Holiday Inn Water/Sewer Charges--Temporary Adjustment

Edwards reviewed the request from Chris Coyle of August 3 1, 2001, for temporary relief on fees for the Holiday Inn project. According to Edwards, there is no provision in our ordinance if the project does not have a partial occupancy certificate. Edwards said for now there is nothing we can do, and must charge. The Board agreed with Edwards and no relief can be offered. *Edwards will write Coyle a letter regarding the Board's decision.*

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

Deer Run Condominiums, Blue Grouse Hills Subdivision: The infrastructure for Deer Run Condominiums will begin as soon as they get approval from the State.

## **GENERAL CORRESPONDENCE:**

Cronin Letter Regarding Transfer Credit: Edwards reviewed the letter requesting credit for the transfer of assets from South Fork IV. Edwards stated that the District has never given a credit for transfer of assets and there are no provisions in the ordinance to do so. Legal counsel has reviewed the request and responded that the District has not done this for others. *Edwards will write a letter to Cronin denying the credit.*

Post Office Deferment Request: The Board discussed the request from Jerry Scott, Gallatin Associates. Director Wiggins, stated that this would be a bad precedent to allow a deferment since this project really has nothing to do with public non-profit service. The Board denied the request. Director Radick stated that if the request would have been made in the initial phase of the effort to keep the post office in the meadow, the Board probably would have considered it.

*Director Cronin moved to deny the proposal as requested by Jerry Scott. Director Rothschiller seconded the motion. Motion passed, 6 yea votes to 0 no votes without President Crowther voting.*

West Berlin Development/Silver-tip: The Board noted that the agreement to provide water service for the limited SFEs was made with Berlin and if a new owner takes over, the agreement should be voided. *Edwards is to check into the agreement and permit on time limitations for water use.*

3 Rivers/DSL Highspeed Internet:

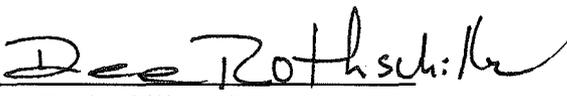
Edwards has recommend that a faster internet connection be considered for the District as we do banking and internet billing. Since Edwards' request was under \$5,000, the Board said Edwards could follow through with his recommendation without Board involvement.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, October 16, 2001, at ? in the WSD community room.

**ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 3:05 pm. Director Peacock seconded the motion. Motion passed.*

  
Dee Rothschilder, Secretary

9-27-01 .min (Board Approved 10/25/01)

**Regular Meeting – August 24, 2001, 9:00 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 9:00 AM on Friday August 24, 2001, in the WSD Community Room. President Jack Crowther, Vice-President Wendell Ingraham, Secretary Dee Rothschiller, Director Skip Radick, Director Dick Wiggins were all present. Directors Stewart Peacock and Packy Cronin were not present.

Others present were WSD staff Ron Edwards, Terry Smith and Jim Muscat. Non WSD staff; Barb Campbell, Double-Tree Inc, Financial Consultant, Ray Armstrong, HKM Engineering, Mae Nan Ellingson, Dorsey and Whitney, Project Bond Counsel, and Lone Peak Lookout reporter Marcus Hibdon.

President Crowther called the meeting to order at 9: 10 AM.

**APPROVAL OF MINUTES**

*Director Dee Rothschiller moved to approve the June 19, 2001, regular meeting minutes as written. Director Wendell Ingraham seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Crowther voting.*

**FINANCIAL REPORT**

July Financial Reports: Terry Smith presented the July financial reports, noting that the revenues are on target, and Smith does not foresee any extraordinary expenses. In addition, the general insurance policy written through Hoiness Labar was renewed for the period August 11,2001 through August 11, 2001.

The audit for the fiscal year ending June 30, 2001 will be completed by the middle of September 2001. Marjorie Knaab, the auditor, indicated to Smith that were no problems found and that everything looks good. However, there are four minor adjustments due to timing errors and two adjustments to the fixed assets. The audit adjustments regarding the fixed assets are still pending, as a result, the audited year-end financial statements are not yet available.

*Director Dick Wiggins moved to approve the July financials as presented. Director Dee Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

**STAFF REPORTS**

Sewer System Operations:

Monthly Report-Jim Muscat reported on the flows, noting the increase due to the “Mountain’s” use. The Meadow flows are down primarily due to the switch over to fresh water from the Middle Fork. Regarding the use of the Middle Fork, senior water rights for the Gallatin River may be exercised which could prohibit further use until water flows increase.

At this point, Dick Wiggins brought up the Crystal Images letter, and the compliant filed to the DEQ. Apparently, the silver nitrate is treated before going into the sewer system so the DEQ has closed their investigation on the matter.

A short discussion was then had regarding the grade rings at Aspen Groves. Grant is still working on the project to have JTL correct the problem. According to Director Skip Radick, the

Aspen Groves HOA signed off on the project but that paving the roads was not part of the initial approval for the Aspen Groves project.

#### Water System Operations

Jim Muscat then went on to discuss the increase in the daily volume. Jim reported that daily water production was around 600,000 gallons a day in the Meadow. Director Dee Rothschiller inquired about the water policing. Jim indicated that there has been less policing this year due to the workload and projects that are currently under construction.

The Cascade Booster Station-Problems that were corrected so far have been working correctly according to Jim Muscat. Jim is confident about its reliability after the repairs were made.

*Wendell Ingraham motioned to have Boyne post a letter of credit to cover the cost of the Cascade Booster Station repairs. The letter of credit would be used in the event that Boyne did not meet the specific deadline for bringing the wells up to the BSWSD standard. If said letter of credit was not secured, the BSWSD should not sign the agreement regarding the Cascade Booster Station. Dee Rothschiller seconded and the motion passed on a voice vote all in favor.*

According to Jim Muscat the Meadow Village PUD should take about a week to finish the water and sewer. The hydrants will be installed shortly and the contractor is working well. The Upper Cascade Phase III & IV is done and HK Construction did a good Job.

Skip asked about the Gallatin Highland Tank. Edwards reported that Allied Engineering was considering changing the design size to 750-800 thousand gallons.

Edwards said that Madison County has agreed to repave the road where the pipes froze. Wendell suggested Madison County be sent the bill for the costs of the repairs related to the pipes freezing (if not to recoup our costs at least as an FYI).

#### General Managers Report

##### Long Term Compliance Work Plan

Edwards introduced Barb Campbell and the other guests attending the meeting. Edwards then went on to discuss the LTCWP at which point he deferred to Ray Armstrong to report on the LTCWP project design. Ray discussed peak flow issues, basin sizing, sludge handling and disposal, and composting techniques. Wendell Ingraham then suggested doing a cost analysis taking into consideration any revenue derived from sales of compost. With respect to funding the composting facility, Edwards said that there is the possibility for a Renewable Resource Grant.

Hauling the sludge to Yellowstone is another option but it does not get around the trucking issue. DEQ will meet with District and HKM on September 21, 2001 in Bozeman; Todd Teegarden will be there. Ray discussed the bridge crossing. HKM is proposing a shift in the alignment to reduce costs with the approval of the various permitting agencies.

Ray said the design LTC is 20% complete. The Yellowstone Club pipeline through the Big EZ still has questions to be answered such as the pipe size and the pressure. Ray said that he would get the questions answered in a couple of weeks. Bob Sumpter of YC contacted HKM to suggest an alternate route for the pipeline, but Ray felt it was not feasible due to the topography.

Ron Edwards then discussed the Yellowstone Mountain Club Agreement Implementation. A short discussion followed regarding the annexation public hearings and the September meeting. It was agreed to have an all in one meeting, the public hearing as well as the BOD meeting on September 27, 2001. Dee Rothschilder said that Boyne should be a member in good standing before the annexation meeting and vote.

Ron Edwards went on to discuss the Yellowstone Mountain Club well development and the YC water line.

Edwards brought up the Snowmaking Site Acquisition. Madison County rejected the request for an exception to their subdivision procedures for the mountain snowmaking treatment plant site. Ingraham then suggested that we request Gallatin County provide an opinion on their approval, then take said opinion to Madison County to revisit their denial of the project. Edwards said that he would check with John Brown.

#### Developments & Subdivisions

Edwards gave an update on the various developments and subdivisions that are underway.

#### Water Metering Project

A short discussion was then had regarding the metering project. The initial phase of meters are installed and the project went smoothly. The board directed staff to proceed with the second phase of metering for the condominium and commercial projects.

#### Other Old Business

Edwards then discussed the Water Facilities Plan, the Source Water Protection Plan and finally the District Board Elections. With respect to the board election only one applicant, Bill Schropshire, applied. Wendell Ingraham said that Dennis Stoner indicated he might consider an appointment to the Board. In any event, Edwards said that because of the number of applicants an election might not be necessary. Edwards will check with Shelly Vance.

#### NEW BUSINESS

##### Sewer Permits

Edwards said that the SFEs are at 825 with 59 left to allocate. Edwards will have Ray re-evaluate flows and to advise on releasing another 200 SFEs.

##### Boyne Annexation Petition

Ron reported that Boyne had submitted their annexation petition. He discussed scheduling a public hearing for the annexation petitions from Boyne and YC. The Board tentatively scheduled a hearing date of September 27, 2001. They also want to have the board meeting on

the same day.

BSOA Park Restroom

The BSOA is considering building a bathroom but the park has no SFEs allocated. They estimate that it will take 2 or 3 SFEs. Edwards outlined 3 options: Options - 1. No Capacity, 2. Create legal obligation, 3. Reallocate SFEs from some other parcel (BSOA). Wendell Ingraham suggested amending our ordinance to provide SFEs for "Not for Profits" at the board's discretion.

*Wendell Ingraham motioned to draft a provision to add SFEs for community and or non-profits (explore coat-tailing with an existing ordinance). **Seconded** by Skip Radick, passed on a voice vote all in favor.*

A short discussion was had regarding an additional provision for returning SFEs for parcels that will never be used.

Meadow Village SFE Reallocation Request

Meadow Village Commercial Center-Edwards recommended the board accept their application for SFE Reallocation.

*Wendell Ingraham motioned to accept Edwards's recommendation. Skip Radick **seconded** the motion, which passed on voice vote all in favor.*

Contract for Services--Barb Campbell

A short discussion was had regarding the draft contract for financial consulting services. Wendell Ingraham suggested a minimum plus an hourly fee instead of a flat percentage of borrowed money. Barb Campbell then said that a fixed fee is one that she will consider and that her goal is to establish a long-term relationship with the District. Barb said that her expertise should help get the bond election passed.

*Skip Radick **motioned** to proceed on the first and second part of Barb Campbell's contract, but to reassess the third and fourth parts. Dee Rothschilder **seconded** the motion, which passed on a voice vote all in favor.*

Bond Financing for Projects--Mae Nan Ellingson

Mae Nan discussed bond-financing options for the wastewater and water projects, spread over the entire District versus spreading the debt service over specific service areas. Edwards discussed the current District boundary versus the areas, which are in the sewer, and water service areas. On the Meadow Village Tank she asked for the board's preference on how a bond debt cost should be allocated. Director Radick answered, together as the District is one integrated unit and has been treated as such for years. The other Board members agreed and directed bond counsel and staff to proceed with setting up bond debt service for the entire water service area, and debt service on the wastewater bond to the sewer service area.

Mae Nan then discussed what types of bonds are options, SRF revenue bonds and general obligation bonds (via property tax), and other private bond programs. A short discussion was had regarding these options. It was agreed by all board members present to have Mae Nan prepare her work based on a general obligation bond issue for the water and sewer projects.

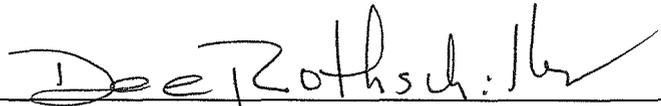
It was further agreed, that at the public hearing in September, a resolution to better match the District boundary with service areas would be presented for consideration.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Thursday, September 27, 2001, at 9:00 am in the WSD community room.

#### **ADJOURNMENT**

*Wendell Ingraham motioned to adjourn, seconded by Skip Radick, which passed on a voice vote all in favor. Meeting adjourned at 12:20p.m.*

  
\_\_\_\_\_  
Dee Rothschild, Secretary

8-24-01.min (Board Approved 9/27/01)

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

**Acceptance of Monthly Financial Statements**

Date 07/17/2001

The Board of Directors at its 07/17/2001 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>06/30/2001</b>
Assets:	<u>\$ 21,050,342</u>
Liabilities	<u>\$ 7,660,407</u>
Equity	<u>\$ 13,389,935</u>

2 Income Statement as of	<b>06/30/2001</b>
Total Revenues	<u>\$ 2,773,422</u>
Total Expenses	<u>\$ (1,531,813)</u>
Net Revenues	<u>\$ 1,241,609</u>

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

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- July 17, 2001, 8:00 AM**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 8:00 AM on Tuesday, July 17, 2001, in the WSD Community Room. President Jack Crowther, Vice-President Wendell Ingraham (participated via phone from 8:35-9:15 AM), Secretary Dee Rothschiller (participated via phone from 8:00-8:30 AM) and Directors Packy Cronin, and Dick Wiggins were present. Directors Stewart Peacock and Skip Radick were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Terry Smith, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Joe Warren; and Teton Condominium representative Henry Schuler.

President Crowther called for public comment at 8:00 AM

**PUBLIC FORUM**

In regards to the current condo watering charge, Henry Schuler explained that Teton Condominiums is only 3 units and that the other units, landscaping, pool, and other amenities were never completed and, technically, there is no condo association. In addition, Schuler stated that only his unit has been landscaped and little outside watering occurs. Schuler proposed removing the outside hose bibs rather than pay the condominium association water charge at 2 SFEs and then Schuler would pay the single family water charge of .25 SFE for just his unit's watering. Edwards reported that he has not seen any document filed at Gallatin County Clerk of Courts that absolves the association. Edwards would like to see metering done instead of absolving the tract charge. Schuler believes that there is one central water line that comes into the middle unit and that one meter would probably work. The Board will take the information under advisement and will have Fry Brothers look into metering the condos. Mr. Schuler will be contacted to set up a time to look into metering.

With no further public comment, President Crowther called the meeting to order at 8:20 AM.

**APPROVAL OF MINUTES**

*Director Cronin moved to approve the June 19, 2001, regular meeting minutes as written. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Crowther voting.*

**FINANCIAL REPORT**

New Financial Officer: President Crowther introduced Terry Smith, the new District Financial Officer.

*Director Rothschiller moved to amend the agenda to address item IV. A. Yellowstone Club Agreement Annexation. Director Wiggins seconded the motion. Motion carried, 4 yea votes to 0 no votes.*

### **YELLOWSTONE CLUB ANNEXATION**

Edwards reported that Gallatin County has not yet looked at the annexation application and he does not know when the county will hold the election. Edwards stated that the Board has the authority to annex the lands without voter approval, but the problem with that is the public has been told they would have the opportunity to vote on the annexation. Edwards proposed that the District run an election through drafting an ordinance and doing a mail ballot ourselves with the process taking about one month. The Board felt the District had a good faith agreement with YC to get the annexation vote done within 90 days. *As directed by the Board, Edwards will get legal input on the self-election process, following county protocol. Director Rothschiller requested our District ordinance be amended to extend our boundaries.*

*Director Rothschiller moved to have the District conduct its own mail ballot for annexing Yellowstone Club properties, subject to legal counsel's approval. Director Wiggins seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

### **AMEND AGENDA**

*Director Wiggins moved to amend the agenda to address items IV. F. Financial Consulting RFPs, V. A. Sewer & Water Permits, V. B. Board Elections, and VI. Executive Session-Personnel Matters. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

### **FINANCIAL CONSULTANTS**

Edwards recommended accepting the one RFP received, which was from Double Tree. Edwards reviewed Double Tree's RFP scope of services. Edwards said the funding for the financial consultant can come from SRF loans or segregated account for sewer project.

*Director Ingraham moved to accept the proposal from Double Tree, approving Edwards' recommendation. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

### **SEWER/WATER PERMITS**

After discussing the need to release additional SFEs the Board asked Edwards to have HKM Engineering to review their SFE capacity calculations for the District before they consider releasing 200 additional SFEs at the August meeting.

Applications needing board approval were: Holiday Inn project applied for 72.4 sewer SFEs and 72.6 Water SFEs with the fees of \$529,900. Townhomes of Crail Creek submitted two applications for a total of 7 SFEs with fees of \$51,000.

*Director Cronin moved to approve the water/sewer applications over the 5 SFEs limit. Director Ingraham seconded the motion. Motion approved, 4 yea votes to 0 no votes.*

### **BOARD VACANCIES**

Edwards reported that two board terms expire this year, Director Cronin and President Crowther. Edwards has had the county review the notice for request for petitions and it will be published in the Lone Peak Lookout. Petitions for nominations have to be filed by August 23. Board members were asked to recruit potential candidates.

### **EXECUTIVE SESSION**

*Director Cronin moved to go into executive session. Director Wiggins seconded the motion. Motion approved, 4 yea votes to 0 no votes.*

June Financial Reports: Terry Smith presented the preliminary unaudited June financial reports, noting that the Blue Grouse well financing was paid back. *The Board directed Edwards to have Mountain Scapes wrap up the tree replacement along the highway corridor.* The revenues are on target, and Smith does not foresee any unordinary expenses. The final June financial report will be presented in August.

*Director Ingraham moved to approve the June financials as presented, noting that they are preliminary in nature and will be adjusted for the August meeting. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

### **AMEND AGENDA**

*Director Cronin moved to amend the agenda to address item IV, E. Water Facilities Plan. Director Ingraham seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

### **WATER FACILITIES PLAN COST SHARE**

Edwards reviewed the letter from Brain Gallik dated July 9, 2001. Edwards will meet with John Brown, Brian Gallik and Bill Simkins to review the agreement comments. Edwards said the proration calculations were made using full build out SFEs for the Town Center. *Edwards will have the final water agreement prepared for review at the August board meeting.*

### **AMEND AGENDA**

*Director Wiggins moved to amend the agenda to address a new item of business, fencing/screening to cover the view of the pond on the highway corridor. Director Cronin seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

### **POND SCREENING**

The Board directed staff to come up with a recommendation for either additional fencing or landscaping to conceal the view of the ponds from the highway corridor.

## **OPERATOR REPORTS**

### Sewer System Operations:

**Monthly Report--Burroughs** reported on the flows, noting the increase around June 13-20 was around the time of the big snow fall. Burroughs found a couple leaking services in Cascade that he will get repaired when it gets a little dryer. We are seeing a continual increase in the mountain flows, which Burroughs attributes to growth. In regards to storage capacity, the depth is about 3 feet lower than this time last year. The total flows are down from last year which Burroughs thinks is due to the outfall line repair and people conserving water. We will run out of affluent to filter this fall.

Edwards will review previous correspondence from Ray Armstrong and see where the SFE calculations for SFE capacity is prior to releasing additional SFES. *Edwards will get a letter from Armstrong stating there is capacity for 200 additional SFES.*

### Water System Operations:

**Monthly Report--Muscat** reviewed the water flows, stating the rain has been a saving grace as the production total dramatically decreased with the rain. Muscat reported on the activity of the following new extensions: Meadow Center, Holiday Inn, upper Cascade, Yellowstone Club water line, South Fork IV, Gallatin Peaks Town Center, and Cascade Booster station.

**Water System Transfers--Cascade:** Muscat reported that the booster station continues to flood and it is a problem since it serves the whole mountain, water quality is also in jeopardy, and with 750 volts of electricity under water it is too dangerous. The District has not see any noticeable action by the owner or engineer on fixing the problems as stated in a list of task to be complete. Edwards and Muscat would like to get funding from Boyne to get the booster station working right. Director Cronin stated that the job is not the Districts, and he would only agree to having the District oversee the project if all District costs, including staff, was paid by Boyne. Muscat said another choice is to reinstate the 500K tank and cut the line on the new system. *The Board directed Edwards to meet with Boyne stating the problems that could occur if the problems are not corrected and ask for an open line of credit by Friday, July 20, to have the District fix the problems or the District will go back to the old tank and cut the upper Cascade system from the District line. The District will hire an outside engineer to review the problems and make sure the problems are correctly fixed.*

**Metering--Muscat** reported that the metering of single family homes has been going well and he is very satisfied with the installers, Fry Brothers.

**Yellowstone Club Well--Edwards** reported on the progress of the well location with recommendations for drilling in Tract 1. Sarah Hall has been contacted and she seems willing to let a well be drilled on Tract 1 but she has not given the go ahead yet. If Tract 1 doesn't work out, Boyne will be contacted to drill a well on an open tract near existing wells 1 and 2. The Yellowstone Club will coordinate the drilling rig.

**Yellowstone Club Forced Main Pipe Easement**--Edwards met with Mike Barrett yesterday and needs to provide the Big E-Z with more information to answer Barrett's questions. The meeting went fine and Barrett seems to feel an easement through the Big E-Z would be possible.

Regarding the snowmaking site acquisition, Edwards had legal counsel John Brown write a letter to Madison County asking to create a parcel using the exemption provision through eminent domain. He has not heard from Madison County yet.

#### **LEGAL ISSUES**

Cronin Litigation: The Cronin case has been put off until the Supreme Court hears the PSC case as Judge Salvagni ruled in favor of Cronin's Motion to Stay. Legal counsel Max Davis sent out the letter in response to the offer of settlement.

Hall Litigation: The third discovery response was provided in the board packet.

**WATER FACILITIES PLAN DESIGN REPORT** Edwards reported on a field trip to Helena last week where he viewed a tank installation that it is partially buried with a sloped roof, similar to what the District is proposing to do. Jack Crowther reported on a conversation with Becky Pape, where she stated the resort tax would have funded water projects other than the request as submitted, but other projects were not on the funding request.

#### **SOURCE WATER PROTECTION PLAN**

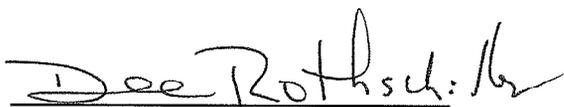
Edwards received a letter from DEQ and said DEQ has changed their rules. Advertisement has to be done if over \$15,000.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Wednesday, August 22, 2001, at 8:00 am in the WSD community room.

#### **ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 10:30 am.*



Dee Rothschilder, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- 3:30 pm**  
**FY 2001-2002 Budget Hearing -- 4:00 pm**  
June 19, 2001  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm and the FY 2001-2002 Budget Hearing at 4:00 pm on Tuesday, June 19, 2001, in the WSD Community Room. President Jack Crowther, Secretary Dee Rothschiller (left at 5:23 pm) and Directors Stewart Peacock, Packy Cronin, Dick Wiggins and Skip Radick (arrived at 4:15 pm) were present. Vice-President Wendell Ingraham was 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 HKM representative Ray Armstrong.

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

**PUBLIC FORUM**

With no public comment, President Crowther called the meeting to order at 3:32 pm.

**APPROVAL OF MINUTES**

*Director Rothschiller moved to approve the May 15, 2001, regular meeting minutes as prepared. Director Cronin seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Crowther voting.*

**FINANCIAL REPORT**

May Financial Reports: Dutton reported that the financials have not changed much since the May meeting. The investment rates were provided in the board packet as requested by the Board at the May meeting. The assets are now over 20 million, the employee health fund is about \$29,000, and the water telemetry leases have been paid off. Dutton does not see any big surprises coming in the last month of the fiscal year. Boyne has not paid their 1st quarter user fees, the \$250,000 settlement payment, or the full Powder Ridge permit fee. Edwards sent a letter requesting payment of the \$250,000 plus a \$5,600 penalty by July 1 or additional penalties will be added. The District has not yet heard from Boyne yet.

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

Employee Insurance Reimbursement Policy: With the intent of simplifying the process for insurance reimbursement, Dutton explained that there were a few minor changes made in the policy including a procedure of what to do when an employee leaves and a fraudulent claim process.

*Director Rothschiller moved to adopt the revised Employee Insurance Reimbursement Policy. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

### **AMEND AGENDA**

*Director Cronin moved to amend the agenda to address items IV. F. Financial Officer Hiring and G. Resort Tax Allocation Report. Director Peacock seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

### **FINANCIAL OFFICER HIRING**

Edwards reported on the interview process and asked the Board to endorse his recommendation to hire Terry Smith with pay at \$40,000 plus a moving allowance of \$5,000. According to Edwards, Smith's references checked out fine and Smith said he would commit to live years of employment with the District.

*Director Peacock moved to hire Terry Smith with the terms as presented by Edwards. Director Rothschiller seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

President Crowther thanked Bill Dutton for his six years of service to the District, presenting him with a thank you card and a gift certificate.

### **RESORT TAX ALLOCATION**

Edwards reviewed the resort tax funding summary provided in the board packet. The District budget was revised to reflect the outcome, with no resort tax funds for the water metering or storage tank projects. *Director Cronin suggested that the customer statement include a summary that explains the metering charge is due to lack of resort tax funding the project.*

### **PUBLIC HEARING: FY 2001-2002 BUDGET**

*Director Peacock moved to open the meeting to the public hearing for the FY 2001-2002 Budget. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

*With no one present for the public hearing, Director Peacock moved to close the public hearing. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

*Director Peacock moved to accept the FY 2001-2002 budget at presented. Director Wiggins seconded the motion. President Crowther called for discussion. Motion carried, 5 yea votes to 0 no votes.*

### **OPERATOR REPORTS**

Water System Operations: Monthly Report--Muscat reported that the flows are higher than last year and several major leaks have been repaired in the past few weeks. With the District using a lot of water and Big Sky growing, Muscat does not want the District to loose site of increasing the water storage and replacing the Westfork Meadows tank. Although the system is working fine, we could run into supply problems because of the extremely dry summer predicted. Muscat reported that the irrigation restrictions will be in effect as of July 1. BSOA requires irrigation sprinklers in Meadow Village and *Director Rothschiller will look into requiring a rain sensor on the MV irrigation systems. According*

to Director Cronin, Southfork Phases II and IV will require irrigation systems. Edwards asked that *the Aspen Groves system be included on the flow spreadsheet Muscat prepares.*

Edwards reported that hydrant flow tests will be done to get more accurate test results and the fire district will assist with the testing. The static pressure then can be mapped, which will benefit the fire district in fire fighting planning. Edwards has talked to Dr. Hunt, HKM, as he will develop a procedure to develop the hydrant test procedures and the fire district is willing to cover half of the cost of the hydrant test equipment, estimated at about **\$2,000.**

**Cascade Water System Transfer--The** District has not heard what the delay is on the Cascade system.

Sewer System Operations:

**Monthly Report--**Burroughs reported that the mountain flows are much lower--the outfall line repair is paying off. The pond is about 3.5 feet lower than this time last year. Burroughs expects to shut down the filter plant in late summer and then, to maximize winter capacity, start up again in late September or October. Burroughs reported that the Meadow Center PUD construction started today. Burroughs, Skip Radick, and JTL are working on the Aspen Groves punch list. Burroughs is working on replacement of the jockey pump, from 7.5 HP to 25 HP, and Boyne will pay half the cost.

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

Yellowstone Mountain Club--Annexation: Edwards reported on the status on the YC annexation petition. Edwards will hand deliver the petition to Shelly Vance tomorrow along with a letter offering District support. Vance will verify the petition as a valid petition and then give us her schedule to hold a mail ballot election. The county has 70 days to act on the petition and Vance has not given the District a firm commitment as to when the mail ballot will be done. Edwards suspects that YC will ask the Board to take action sooner.

Boyne is going to submit an annexation petition for Section 25. Edwards will have both petitions processed at the same time, but be separate ballots.

Design Status Report: Ray Armstrong reported that the revised LTCWP has been submitted to DEQ. DEQ will do an environmental assessment and then a public hearing will have to be held on the plan amendment. The majority of the pipeline route has been surveyed, but no structural or architectural work has been done. HKM would like to get a 900' easement through the Big E-Z property to avoid landslide slope. Generally, an easement does not cost very much. However, with this being Big Sky, Edwards suggested offering \$5,000-\$10,000 for an easement. The Directors stated that the Big E-Z is very community conscious and recommended that the District initially ask for an minimum cost easement that would, in turn, provide them with good PR. President Crowther will work with Edwards and the Big E-Z on obtaining an easement. Armstrong reviewed the bridge location to the treatment plant site. HKM would like to move the bridge easement about 100' upstream, which would cost less to install. Armstrong will meet with involved parties

prior to design. Armstrong advised the Board to announce a public hearing at the next board meeting.

LTCWP Engineering Contract: Edwards reviewed the scope of work and contract amount of \$1,450,000. *Armstrong will send Edwards a cost break down of the tasks.* The contract specifies finishing up the pipeline and treatment plant in fall 2003. The proposed bid opening is February 2002. Edwards asked for approval of the contract upon review and approval of legal counsel. *Edwards will check to make sure that the contract amount is in line with typical engineering costs for a project of this size.* Armstrong reviewed the cost distribution in the LTCWP submitted to DEQ and is comfortable with the engineering costs in the LTCWP engineering contract and does not anticipate any changes. The estimated bond amount is \$12.5 million.

***Director Radick moved to approved the LTCWP engineering contract with HKM as presented and upon review and approval of legal counsel. Director Rothschiller seconded the motion. Motion passed, 6 yea votes to 0 no votes.***

At 5:23 pm, Director Rothschiller excused herself from the meeting informing the Board that she would be in favor of changing the meeting time to mornings for July-Sept.

Edwards reported that he and Armstrong will travel to Helena to meet with DEQ to answering any questions they may have.

#### **LEGAL ISSUES**

Cronin Litigation: Edwards updated the Board on the status of the litigation, noting that Cronin has asked for Motion to Stay to suspend the trial scheduled to start July 16. Max Davis is opposing the Motion to Stay. The Board reviewed Davis' draft response to Cronin's settlement letter. Director Radick expressed his concern about refunding the fees, citing the precedence it would set and the doors it would open. *The Board directed Edwards to have the letter revised as discussed, striking the portion on the refund and including the dollar amount in the legal fees and agreeing to do a new study.*

***Director Radick moved to strike any reference to refund of fees and to adjust the legal fees. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes with Director Cronin abstaining from the vote.***

Hall Litigation: Edwards reviewed the status of the Hall litigation reporting that legal counsel will answer the discovery request.

#### **WATER METERING**

The metering contractor has started installing meters. If the homeowner already has a meter that is compatible, then they do not have to pay for the meter, but they will be billed for the MIU device for the phone read. The District is paying for the installation. For new construction, Edwards proposes to change the District ordinance to cover the metering cost in the permit fee. Edwards also proposes changing the start date of user charges from

connection date to the date the water is turned on. Water meter rates will be discussed at a committee meeting with Wiggins, Cronin, Edwards and Carl Anderson.

#### **WATER FACILITIES PLAN**

The bond issue for the tank is planned to go out this fall and the transmission main and some site may be able to be started this summer if sufficient funding is available based on engineering estimates. This remainder of the project will require another special bond election. The Board will eventually need to decide if the bond should be done concurrent with the LTCWP, or separately. Edwards discussed the financial consulting services RFP provided in the board packet. Edwards also discussed the draft agreement requesting cost sharing from Westland/TM. According to the agreement calculation, their cost share would be about \$200,000 and the cost share contribution would go toward paying off the debt service. Edwards is recommending to work with Barb Campbell, Double Tree, to help with financing logistics. Director Radick asked if there was a way to fund the project without going to a vote with a bond. *Edwards was directed to present the cost share proposal to Westland TM with an acceptance deadline of July 15.*

#### **PROPOSED DEVELOPMENTS**

The status of the Holiday Inn, Antler Ridge, Pines-F, Gallatin Peaks Town Center, and MV Commercial Center was presented in Edwards' report.

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

Status Report: Beaverhead Condos, Units 1467-1470: 4 units for a total of 9.0 SFEs. *Edwards will check the legal obligations on the table.* Cedar Creek: 16 units for a total of 16 SFEs.

*Director Radick moved to approve the Beaverhead and Cedar Creek applications as submitted. Director Peacock seconded the motion. Motion carried, 5 yeas votes to 0 no votes.*

The Holiday Inn Express permit application for 74.20 SFEs has not been signed so Edwards cannot present it to the Board for approval.

#### **LOW DOG ROAD SEWER & WATER REPLACEMENT**

Edwards recommended approving the engineering contract for the project.

*Director Peacock moved to approve the contract with HKM-Bozeman for \$34,700 for the engineering replacement of the Low Dog Road sewer and water lines. Director Cronin seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Crowther voting.*

#### **FINANCIAL CONSULTING RFP**

Edwards recommended publishing the draft RFP for hiring a financial consultant.

*Director Peacock moved to authorize the publishing of the RFP for a financial consultant. Director Crowther seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Crowther voting.*

**RESOLUTION 01-01: SPECIAL PROVISIONS FOR WATER AND SEWER MAIN EXTENSIONS**

*Director Cronin moved to adopt Resolution 01-01: District Adoption of Certain Special Provisions for Water and Sewer Main Extensions. Director Radick seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Crowther voting.*

**RESORT TAX FUNDING**

The Board discussed requesting resort tax emergency funds for the water facility plans.

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, July 17, 2001, at 7:30 am in the WSD community room.

**ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 6:25 pm. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes.*



Dee Rothschild, Secretary

06-19-o 1 .min (Board Approved 7/17/01)

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- May 15, 2001, 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 15, 2001, 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, Nic Wellenstein, Grant Burroughs and Marlenc Kennedy; and Lone Peak Lookout writer Marcus Hibdon.

Vice-President Ingraham called for public comment at 3:33 pm.

**PUBLIC FORUM**

Edwards introduced Nic Wellenstein as the new operator. With no further public comment, the meeting was called to order at 3:35 pm.

**APPROVAL OF MINUTES**

*Director Cronin moved to approve the April 17, 2001, regular meeting minutes as written. Director Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes with Vice-President Ingraham voting.*

**AMEND AGENDA**

*Director Cronin moved to amend the agenda to hear the operators' reports, item III. B. Director Peacock seconded the motion. Motion carried unanimously.*

**OPERATOR REPORTS**

Sewer System Operations:

**Monthly Report**--Burroughs reviewed the flow reports. The pond is about 1 foot below last year's level at this time and irrigation has started on the golf course. The filters are working fine. No odor has been noticed from the ponds as yet. However, the blowers will be turned on if there is an odor problem. Burroughs will start checking for spring I & I. The **Pinewood Hills** main line had been frozen and he has been working on it for the last 3 days. There is no way of maintaining the 6" line, and 3 or 4 man holes will need to be installed. The **Madison Court** sewer lateral was plugged. The **Mountain Fire Station** lateral was plugged and it was replaced last week. The **Aspen Groves** roads were paved in the fall, but Burroughs was not able to inspect the project until spring. The paving was not done according to plans or specs; 4 manholes were buried, non-approved HDPE rings were used on 20-30 manholes, manholes were not properly installed, and manholes were filled with gravel. These are problems that need to be corrected. Andesite Road is sinking in one area, but there is not a problem with the manhole in that area. The Board discussed who is responsible for fixing the problems with District owned Aspen Groves lines--either the developer or the paving contractor. *The Board directed Burroughs to send the punch list to the developer, Skip Radick, and copy it to the paver, JTL.* Burroughs will prepare a punch list specifying the work required to clean up the problems caused from the paving.

The Board discussed whether the developers or RID association are aware of District requirements and that the District ordinance may need to be amended to include information as to what is appropriate. Edwards explained his reasons for having flexibility in paving requirements. According to Burroughs, the Montana standards clearly state that paving cannot alter utilities. *The Board asked Burroughs to review the District ordinance for clarity in instructions for the proper procedure and District flexibility.* Burroughs feels the District needs to take the stance that these are District sewer and water mains and if you want to touch them, you have to contact the District or you are trespassing. *The Board would like to have the public and developer entities notified of District requirements.* Vice President Ingraham asked if there is a fining system and asked Burroughs to do a little research on what other communities do. The Board will revisit this issue at a later board meeting.

Edwards reported that he received a letter from Mr. Funston, Cascade Subdivision, Lot 22, Block 1, saying there is still a problem with the line even though it is no longer frozen. *The Board directed Edwards to direct Funston to Madison County to correct the problem.*

Water System Operations:

**Monthly Report--Edwards** distributed Muscat's **leak detection** report and Muscat will begin working on repair of the pinpointed leaks. For April-May, we are running 3-4 million gallons over last year. Director Cronin stated that the District should be able to build a system that would allow people to water their yards. Over 2 million gallons per month are attributed to leaks.

Elections--Edwards reported that Gallatin County is backlogged with voting and they probably will not be able to run bond/annexation elections until September. Vice President Ingraham would like the District to proceed no matter what. *The Board asked that Edwards talk to the Gallatin County Commissioners about these urgent issues,* with Shelly Cheney's blessings, possibly offering to pay the county for extra staff in seeking special consideration from the county commissioners.

*Director Cronin moved to ask the Gallatin County Commissioners for special consideration on the elections by offering funding or staff to assist the county. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

**Cascade Water System--Edwards** reported that are still a few problems that are being worked on. The pilot chlorination on wells 5 and 6 is supposed to occur this summer. Edwards feels that we can draft a transfer agreement. Board members will not approve the water system until the sulphur problem is cleaned up. *The Board directed Edwards to write two letters to Brian Wheeler for Wendell Ingraham's signature in Jack Crowther's absence:* 1) Address the annual payment, saying that the Board insists that the settlement agreement be followed with the payments being made on time. There is no provision in the settlement agreement for a penalty if the Boyne payment is not made on time. 2) Address the Board's disappointment in Boyne not completing the Cascade water system and note that staff time on this issue will discontinue if this is not taken care of by a certain date.

## **FINANCIAL REPORT**

April Financial Reports: Dutton reported that we have a new account, booking the meters as an inventory asset of \$69,000, which will be reduced as the meters go out. On closing the Neil Consultants retainage account, Edwards has sent a letter to Neil for signing. Overall the operating expenses are at 87.29%. The higher net operating revenue is a lot higher than the budget as we have only spent approximately \$1,000 of the \$150,000 budgeted in category 83 11, sewer repairs/maintenance. The next year's budget for this category will be revised. Responding to a question on why the water plant operations expenses were unfavorable, Dutton explained the water facilities plan and other special projects were started earlier than originally planned. *Vice President Ingraham would like the financial officer to report on how the District funds are being managed and what return rate we are getting from what institution, footnoting our investment restrictions.*

***Director Cronin moved to accept the unaudited April financial reports. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes with Vice-President Ingraham voting.***

Financial Officer Position: Dutton gave termination notice on the third of April, worked full time for two weeks, and then went to half time. Dutton now works about two hours a day. Dutton will have a procedure manual prepared before he leaves. There will be seven to eight qualified people interviewed for the financial officer position. Vice President Ingraham feels it would be helpful to have a board member sit in on the interview process. Directors Rothschiller and Peacock will review the applications and sit in on the interviews. Dutton will close out through May and then help close out year-end books.

FY 01-02 Draft Budget: Dutton presented the draft budget prepared with input by Edwards, Vice President Ingraham, and President Crowther. Dutton will book half-year income from the 72 SFEs from the Mountain Inn project. Dutton reviewed the projects that will be done through the carryover which will include reducing the meter cost to homeowners, fixing the water & sewer lines on Low Dog Road, paying back in-house project loans, and finishing the basement. The \$180,000 MOU funds will also be used for the projects. The District depreciation effort for repair and maintenance was discussed. There are no proposed rate increases. With electricity, a 10% increase has been budgeted. Board members are to look at the draft budget and get back to Dutton if any revisions are needed. A budget hearing will be held at our June meeting. The snowmaking project may come up in the audit, but the District cannot write anything off at this point.

***Director Rothschiller moved to present the FY 01-02 draft budget with noted changes at the hearing in June. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes.***

## **AMEND AGENDA**

***Director Peacock moved to modify the agenda to address item IV. B., legal issues, in executive session. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes.***

## **LEGAL ISSUES**

Executive Session: The Board discussed the Cronin settlement offer and will re-address the legal issue in the June meeting when a full board is available. *Edwards will inform Wittich of such.*

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

Yellowstone Mountain Club: Annexation--Edwards reported that the YC submitted two petitions for annexation. Edwards has met with Shelly Vance and she feels that the petitions needs more detailed legal descriptions. Once the revised petition is accepted, Vance will verify signatures, the District will draft an ordinance. As discussed earlier, Edwards is to try to expedite the elections by contacting Gallatin County Commission. In the past, Gallatin County has handled the election since they had the highest taxable value. With all the recent development, there is a question which county has the highest taxable value and that county would do the election. Edwards was told to hire staff if needed. *Edwards will meet with Bill Murdock and Shelly Vance to try to expedite the situation.* The Board will leave the process up the Edwards to do the best we can to proceed with a special election through the county.

**Design Phase Status Report--**Edwards reported that the engineers are working on the preliminary pipe routing.

## **WATER METERING PROJECT**

The water metering letter and form provided in the board packet will be mailed, via Insty Prints, to single family home owners on May 16.

## **WATER RESTRICTIONS**

With drought conditions, a special mailing can be done for water restrictions prior to the July statement mailing if needed. *Edwards will provide the Lone Peak Lookout the information sheet on homeowner water conservation tips, prepared by the State DEQ, for publishing in the Lookout.*

## **WATER FACILITIES PLAN**

Edwards has been looking into alternative financing, noting that we will need a financial consultant to get the necessity projects done.

## **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

The managers report covered the proposed developments and subdivisions. Silver-tip Village is shut down at this time.

## **HIRING DISTRICT PERSONNEL**

As discussed earlier, Director Rothshiller will review the financial officer applications and both Directors Rothschilder and Peacock will assist with final interviews. The District will cover expenses, if needed, to fly applicants in for interviews. The Board gave Edwards a July 1 deadline for hiring the financial officer.

### **RESORT TAX REQUEST REPORT**

A copy of the District's resort tax request was in the board packet. There will be a question and answer session on May 16 at 3:00 pm and board members are encouraged to attend.

### **SEWER & WATER PERMITS**

Status Report: One permit was issued since the last board meeting.

### **PARKING LOT USE & MEADOW CENTER PUD REPORT**

Construction on the Meadow Center PUD is to start in June. The improvements will include ripping up the parking area for the Meadow Center. *Edwards will post signs for district authorized business only on the back parking area and designate district business parking in the front by the building. Edwards and Director Rothschiller will meet with Meadow Center owners.*

### **SUMMER MEETING SCHEDULE**

The possibility of changing the meeting time will be discussed at the next meeting.

### **GENERAL CORRESPONDENCE**

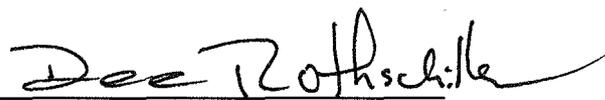
No board action was required on correspondence received.

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, June 19, 2001, at 3:30 pm in the WSD community room.

### **ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 6:38 pm. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes.*



Dee Rothschiller, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- April 17, 2001, 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 17, 2001, in the WSD Community Room. President Jack Crowther and Director Packy Cronin were present with Vice-President Wendell Ingraham and Director Skip Radick participating via speaker phone. Secretary Dee Rothschiller and Directors Stewart Peacock and Dick Wiggins were not present.

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

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

**APPROVAL OF MINUTES**

*Director Crowther moved to approve the March 28, 2001, regular meeting minutes as written. Director Radick seconded the motion. Motion carried, 4 yea votes to 0 no votes.*

*Director Crowther moved to approve the March 28, 2001, executive session minutes as written. Director Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes.*

**FINANCIAL REPORT**

October Financial Reports: Dutton briefly reviewed the financial reports noting that the balance sheets were similar to last month's report. Income revenue is at 113% and, overall, we are at 93.7% for expenses. With the online banking being done at Big Sky Western Bank, Dutton reported he will, for convenience, move about one million dollars to Big Sky Western and also start depositing daily income there. At this time, Board members asked that Dutton hold on the decision to transfer any funds until a new financial officer is hired, as the transfer coinciding with his new job at Big Sky Western may seem as impropriety to others. The Board will re-evaluate the transfer of funds with input from the new financial officer.

*Director Cronin moved to accept the unaudited March financial reports as presented. Director Ingraham seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

Edwards noted that Neil Consultants' retainage can be deleted from the report. *Dutton will get the signatures needed from the District and Neil Consultants to close the retainage account.*

Preliminary 2001/2002 Budget: The FY 2001/2002 draft budget, prepared without any increases in consumer water or sewer rates, was provided in the packet. President Crowther and Director Ingraham will serve on the budget committee, which will meet next week.

**OPERATOR REPORTS**

Sewer System Operations:

**Monthly Report--Edwards** reported that Grant Burroughs started the filters and pond 3 should soon be full with irrigation possibly starting the end of May.

Water System Operations:

**Monthly Report**--Edwards reported that Jim Muscat prepared the water production report, which was distributed at the meeting. A leak detection crew will be in Big Sky at the end of April.

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

Yellowstone Club Agreement/Annexation Procedure and Proposed Schedule: Edwards reported that he met with Mike Wheat to review annexation procedures. Edwards plans to ask Boyne to participate in the annexation as one petition as Boyne wants to annex part of Section 25 into the District. Director Cronin said that including Boyne property into the annexation allowed by the Yellowstone Club Agreement would add confusion to the question being voted upon. Director Ingraham stated that all the issues should be cleaned up and then let the voters have the right to vote all or none. Director Radick agreed with Director Cronin, in that the issues should be voted on separately. President Crowther also believes the District should have one ballot with each item/issue voted separately. *Edwards will check with Mike Wheat and Shelly Vance on the procedure and whether it can legally be done as two separate petitions on the same ballot.* Lands to be excluded can be done by the District. *Edwards will submit sample petitions to Steve Brown, YC legal counsel, so that they can prepare a petition.* Once the petitions are done, the District will schedule a public hearing for all of the issues. Once the petition or petitions are submitted, the county will send out a mail ballot.

Design Phase: Edwards reported that he authorized HKM to spend up to \$10,000 to start on the initial field work. The money will come from the PIC fund. Since Edwards' spending authority limit is \$5,000, Board action was required on the HKM authorization.

***Director Ingraham moved to allow Edwards to authorize HKM to spend up to \$10,000 on the initial phase of the project. Director Radick seconded the motion. Motion passed, 4 yea votes to 0 no votes.***

**WATER METERING PROJECT.**

Edwards recommended that the District award the metering project prior to June 6, using water system funds previously considered for buying down telemetry leases. *President Crowther asked that a notice be sent to users saying that the District will be installing meters and that if funded by the resort tax, the cost will be lowered or none.*

***Director Ingraham moved to award the metering bid to Fry Brothers, as the low bidder for the project, now and to ask for resort tax funding. Director Radick seconded the motion. Motion passed, 4 yea votes to 0 no votes.***

**WATER FACILITIES PLAN DESIGN**

Edwards gave a brief status report and noted that the next step is to submit the water facilities plan and preliminary design to DEQ for their review and approval. A public hearing will also need to be scheduled. The hearing could possibly be scheduled concurrently with the annexation issues.

### **PROPOSED DEVELOPMENTS AND SUBDIVISIONS**

Mountain Village Holiday Inn Express: Sewer and water extensions will be needed to service this project. A contractor will be hired by Boyne and/or Holiday Inn to do the extensions.

### **COMMUNITY ROOM USE POLICY**

The final draft of the community room use policy was included in the board packet. The policy does not limit use to district residents.

*Director Cronin moved to approve the community room use policy. Director Radick seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

### **HIRING DISTRICT PERSONNEL**

Financial Officer: Dutton gave the District verbal notice of termination two weeks ago and will start working half time as of April 18. The financial officer job description was updated and advertised with a 4/18/01 deadline. Thus far, the District has only received 4 applications. The Board may need to take a closer look at the job description, compensation and also extend the deadline to get a good representation of candidates. Director Ingraham would like the Board involved in the selection process. Other Board members stated the selection should be up to Edwards. Dutton offered to sit in on the interview process.

*Director Cronin moved to extend the financial officer application deadline for two weeks and to assess the situation at the end of two weeks. Director Radick seconded the motion. Motion passed, 4 yea votes to 0 no votes.*

District Operator: Edwards reported that he has prepared a new job description and plans to advertise the operator position. Mike Wheat has written to Mark Barajas' attorney, essentially stating that Barajas missed the deadline to request an appeal.

### **SEWER & WATER PERMITS**

Monthly Status Report: Edwards noted that the permit summary table does not reflect the water SFEs for the Silver-tip project, which was permitted at 15.13 SFEs for water only.

### **RESORT TAX REQUEST**

Edwards will submit an application on Friday, April 20, the deadline. Board members asked that a little public relations be done by publishing in the newspaper as to the projects the District intends to do this summer with this funding, and to include information on the budget so that the resort tax board members may be more receptive to our projects. The information will be put in the metering letter to customers and in the budget preparation. Marcus Hibdon will introduce the metering project in this week's article covering this Board meeting.

**GENERAL CORRESPONDENCE**

Newspaper Article/YC Agreement: Edwards prepared a draft response to Brawner's comments published in the April 5 edition of Lone Peak Lookout. *The Board directed Edwards to run the response, including information that the lawsuit has not been withdrawn.*

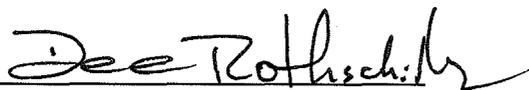
Teton Condominiums/Bussinger: Dutton explained that he wrote all owners of the Teton Condominiums that there is a need to charge a tract water charge as they are an association. A response letter from Bussinger asks that the District not charge the tract watering charge for the following reasons: the association does not have landscaping that requires outside watering, they only use the outside spigots a couple of times a year, no unit owner resides full time in Big Sky, they have never met to conduct business as a formal association, and they have never assessed dues. In addition, Bussinger offered to disconnect the outside faucets. Dutton asked the Board to review the letter and respond to the owners' request. *The Board denied the request from Bussinger and Dutton is to write a response letter.*

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, May 15, 2001, at 3:30 pm in the WSD community room.

**ADJOURNMENT**

*Director Cronin moved to adjourn the meeting at 4:35 pm.*

  
Dee Rothschilder, Secretary

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

**Acceptance of Monthly Financial Statements**

Date 03/28/2001

The Board of Directors at its 03/28/2001 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>02/28/2001</b>
Assets:	<u>\$ 20,090,086</u>
Liabilities	<u>\$ 7,820,685</u>
Equity	<u>\$ 12,269,401</u>

2 Income Statement as of	<b>02/28/2001</b>
Total Revenues	<u>\$ 1,668,393</u>
Total Expenses	<u>\$ (947,534)</u>
Net Revenues	<u>\$ 720,859</u>

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

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- March 28, 2001, 3:30 pm**  
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:30 pm on Wednesday, March 28, 2000, in the WSD Community Room. President Jack Crowther, Secretary Dee Rothschiller and Directors Stewart Peacock, Packy Cronin, Dick Wiggins and Skip Radick were present. Vice President Ingraham was not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy.

**PUBLIC FORUM**

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

**APPROVAL OF MINUTES**

*Director Wiggins moved to approve the February 20, 2001, regular meeting minutes as written. Director Cronin seconded the motion. Motion carried, 6 yea votes to 0 no votes with President Crowther voting.*

*Director Rothschiller moved to approve the February 28, 2001, special meeting minutes as written. Director Peacock seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Crowther voting.*

*Director Rothschiller moved to approve the February 28, 2001, executive session minutes as written. Director Peacock seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Crowther voting.*

**FINANCIAL REPORT**

February Financial Reports: Dutton briefly reviewed the financial reports noting that the budgeting process for next fiscal year will begin soon. For 1st quarter billing, there will be 82 accounts using the new on-line payment system. Dutton will look into paying off the remaining telemetry lease.

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

**OPERATOR REPORTS**

Water System Operations:

**Monthly** Report--Muscat distributed the production report explaining the increase in meadow production indicates that there is probably a leak in the system.. A leak detection crew will be here in April. With the freeze ups on Low Dog Rd, Muscat recommended that the District dig up and lower the water service lines in that area. There will be a meeting with Gaston Engineering on April 4 concerning the Cascade water system, which has not yet transferred to the District. The metering equipment has started to arrive and Edwards will report on the bids.

Sewer System Operations:

**Monthly Report--Burroughs** reported that the District is about 3 million gallons ahead of last year. This is consistent with Boyne's report of a record breaking year in skier visits. We have 4.66 feet, or a little under 30 millions gallons, of capacity remaining. The target date to start the filter is April 3. As required by the State, Burroughs updated the emergency listings for District's earthen pond embankments.

**YELLOWSTONE MOUNTAIN CLUB AGREEMENT**

Edwards reviewed the revisions in the Agreement, per the February 28 meeting. People have been responding to the invite to the signing and we expect quite a few people in attendance tomorrow. Jack Crowther will speak on behalf of the District and Tim Blixseth will represent the Yellowstone Club. Requesting Board approval, Edwards read draft Resolution 01-01 authorizing the signing of the Yellowstone Club Agreement.

*Director Rothschilder moved to approve Resolution 01-01, Authorizing the Signing of the Agreement with the Yellowstone Club. Director Peacock seconded the motion. President Crowther called for discussion. Director Cronin stated his support of the Agreement, however, he will abstain from signing the Yellowstone Club Agreement as he doesn't feel the Directors should sign into selling water when the District does not have the water company. Cronin does not want to confuse the issues with Paul Cronin's lawsuit. Motion passed, with 5 yea votes and Director Cronin abstaining.*

Edwards discussed the issue of withdrawing the discharge permit at the signing ceremony. It will be done after voter approval of property annexation and funding for implementation of capital improvements specified by the Agreement. The environmental groups and DEQ have been informed of this. The next tasks will be to amend the facility plan, begin designing the force main pipe, and submit the annexation as a mail ballot. *Edwards will check with Gallatin County to see if passage is with 51% of the responses.* The annexing election will be this summer, and the bond election later in the fall. According to Edwards, construction on the advanced plant and forced main is planned to start next spring if all funding is approved. YC will start on the ponds this year.

The State shut down the Lone Moose Meadows project approximately two months ago as LMM did not have sewer capacity to expand. With this agreement and annexation, it should eventually solve the LMM problems.

**LEGAL ISSUES**

Cronin Litigation: Edwards distributed a copy of the Gallatin District Court findings on the 4 motions before the court. Edwards reported that the judge denied the request for class certification, Kerin's revisions to his deposition, and the District's request for summary judgement on the constitutional rights claim. The testimony of Paul Tischler will not be limited. Max Davis, participating via telephone, provided a review of the court status. The trial should start on July 23. The denial of class certification can be appealed by Cronin prior to the July trial, and any appeal to the supreme court could take 1 to 1 1/2 years. According to Davis, the PSC case has no relevancy to the current case on plant investment

fees. Davis received a new scheduling conference from Judge Salvagni for April 17, which he will forward to Edwards.

Hall Litigation: Legal counsel has determined that legal fees will not be covered by Boyne. *Edwards will look into whether insurance coverage is available for legal fees.*

Neil Consulting Jack Crowther signed the agreement and we are waiting for a signed stipulation for dismissal.

Cronin vs PSC: Wheat recommended that the District not file a brief into that litigation. All board members concurred with counsel recommendation.

### **TOWN CENTER SFE REALLOCATION APPLICATION**

Edwards recommended approving the application as submitted, which used the historical planning SFE base of 1435 derived from the HKM facility plan and court awarded capacity in the amount of 43 million gallons per year.

*Director Radick moved to approve Simkins' request for the SFE reallocation as follows: Town Center, Section 1 at 970 SFEs; Section 31 development at 335 SFEs; and Cluster A & B in the south part of Section 1 at 130 SFEs. Director Wiggins seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Crowther voting.*

In regards to the .43 acres to be donated to the park, to expedite the transfer, Westland/TM needs to file a boundary adjustment. Westland/TM has held up the transfer of the .43 acres until the secondary access through the BSOA park is approved by the county. Director Rothschiller would like this transfer done soon. *Edwards will talk to the Simkins about a boundary adjustment.*

### **EXECUTIVE SESSION**

*Director Cronin moved to go into executive session to discuss personnel issues. Director Rothschiller seconded the motion. Motion passed, 6 yea votes to 0 no votes.*

### **ANTLER RIDGE**

*Director Wiggins moved to proceed with Edwards' recommendation to have the Antler Ridge wells researched for impact to the District. Director Peacock seconded the motion. Motion passed, 6 yea votes to 0 no votes.*

### **SEWER & WATER PERMITS**

No permits were issued this month.

### **NEW BUSINESS**

General Correspondence:

**Trulen Correspondence--Jeffrey** Trulen requested that the \$500 penalty, for roughing in a bathroom that was not included in the original permit, be reversed as he did not realize that he was supposed to contact the District. The Board considered and approved the request as

they believed that Trulen was not familiar with District ordinances or permitting procedures.

*Director Rothschiller moved to waive the \$500 penalty upon payment of the \$700 PIC. Director Radick seconded the motion. Motion passed, 6 yeas votes to 0 no votes.*

#### **WATER METER PROJECT**

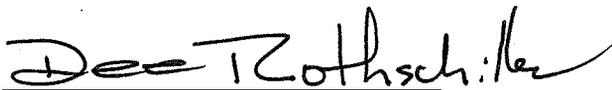
Two bids for water meter installations were received with only a \$350 difference between them. The District has 60 days to accept a bid. Board members asked if the District has to go with the low bid. Edwards recommended going with the low bid. The total cost, including the metering equipment is \$153,750, which results in a charge of approximately \$553.06 per home. Edwards asked the board to consider subsidizing some part of the project either the labor, or meters. Edwards also recommended the District request resort tax money for the project. Board members recommended the District finance the labor, the homeowner purchasing the meter, and that the District request resort tax monies for this project to help offset the homeowner's expense. *The District will need to request a 10-day extension for a bid response and Edwards will contact Fry Brothers and Williams Brothers. Edwards will also look into other alternative funding. Edwards will submit a request for resort tax funding.*

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, April 17, 2001, at 3:30 pm in the WSD conference room.

#### **ADJOURNMENT**

*Director Peacock moved to adjourn the meeting at 5:33 pm.*



Dee Rothschiller, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

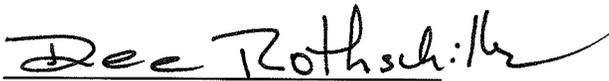
**Executive Session -- February 28, 2001**  
WSD Community Room

In executive session, Mark Barajas and attorney Mike Wheat were present. Mark Barajas requested that Jim and Grant be present for the executive session. The Board denied his request because the matter involved the personnel effected and the Board only. Mark made a brief statement to the Board after which the Board excused him from the room. The Board discussed their earlier decision to terminate his employment with the District.

*Direct& Ingraham moved to uphold the decision and to extend the deadline for one more week to formally appeal, by arbitration, the Board's decision to terminate his employment. Director Peacock seconded the motion. Motion passed, 5 yea votes, 1 no vote, and 1 abstaining.*

Mark Barajas was brought back into the room and was notified of the Board decision to uphold the termination. Jack Crowther also explained that the deadline for requesting an appeal of their decision had been extended for one more week through Wednesday, March 7, 2001.

*Director Packy Cronin moved to go from executive session back to regular session. Director Rothschiller seconded the motion. Motion passed, 7 yea votes to 0 no votes.*



Dee Rothschiller, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Special Meeting -- February 28, 2001, 1:00 pm**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 Board of Directors held a special meeting Wednesday, February 28, 2001, at 1:00 pm in the WSD Community Room. 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, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout publisher Joe Warren; HKM Engineering representative Ray Armstrong, legal counsel Mike Wheat and Yellowstone Mountain Club legal counsel Steve Brown. Mark Barajas was present for the executive session.

With no public comment, President Crowther called the meeting to order at 1: 14 pm.

*Director Peacock moved to go from regular session into executive session. Director Ingraham seconded the motion. Motion passed, 7 yea votes to 0 no votes.*

**EXECUTIVE SESSION**

Personnel Matters

*Director Packy Cronin moved to go from executive session back to regular session. Director Rothschiller seconded the motion. Motion passed, 7 yea votes to 0 no votes.*

**PUBLIC SERVICE COMMISSION--LONE MOUNTAIN SPRINGS ISSUE**

Mike Wheat distributed a memo prepared by Wheat and Brown dated 2/27/01 as a draft response to Attorney Art Wittich's letter of 2/14/01. The Board was in favor of Wheat sending the letter to Wittich as written. Wheat then advised the Board to continue to move forward, conducting business as usual. He also noted that it did not hinder the Board's ability to enter into contracts.

**YELLOWSTONE CLUB AGREEMENT**

Edwards recapped the history and current status of the YC agreement. After the agreement has been signed, the Long Term Compliance Work Plan will need to be amended to include the engineering feasibility study. The District will also possibly need a one-year extension of the State's completion deadline to finish construction. Edwards asked the Board and other participants to come to consensus on the agreement so that it could be prepared for signature at the next board meeting.

Ray Armstrong reviewed several cost analysis showing alternative costs to get to full build-out without YC participation. Those costs ranged from 27.4 to 30.1 million dollars. He then presented two options working jointly with YC that would take the District to full build out. The preferred option which eliminates the mountain village snowmaking, has the District's cost share at an estimated 12.3 million. Ray noted that the District's responsibility of the treated wastewater would end at the physical point of connection where treated water enters a YC storage pond. Armstrong also commented on the feasibility study and the meadow village advanced treatment plant. Under the best scenario, Armstrong estimated design to occur this year, bidding complete next spring and construction to start

next summer with completion the summer 2003. In response to the Board's inquiry on current storage capacity, *Armstrong is to provide Edwards with the District's SFE capacity as it stands now.*

Mike Wheat the presented key provisions of the agreement that had changed from the last draft. The provisions included the following: 1) Storage increased from 100 million gallons to 130 million gallons, and the District will have the first right to storage at YC ponds; 2) Disposal increased from 100 million gallons to 160 million gallons; 3) If allowed by law, storage and disposal rights will be perpetual instead of 99 years; 4) A special improvement charge takes the place of a performance bond, and is to be paid each time a parcel is developed with the District being able to re-calculate the charge every 3 years. This charge will be held until improvements are made and then returned to the developer as their construction tasks are completed; 5) Storage sites are to be phased in with Phase I to be done within 30 months of signing the agreement; 6) LMM will be allowed to connect 48 units not to exceed 76.8 SFEs prior to Phase I being completed; 7) LMM and other lands must be annexed into the District before connection can occur; 8) A "Default" provision is covered in a new section; 9) The District has an option provision which allows it to exchange the snowmaking site near LMM for additional wastewater storage and disposal on the developers property.

Edits requested by the Board during the meeting included: 1) A 30-day notice to terminate water use by developer; 2) Make it clear that LMM is solely responsible for relocating or abandoning the Santec system after LMM connects and it is no longer needed under the terms of the agreement; 3) Under the option on the snowmaking land, the word "shall" will be changed to "may"; 4) Under insurance, the developer's insurance will be changed from "adequate" to "equal" to the District's, and the District's liability insurance coverage will be listed. Steve Brown will check with the Developer for approval on this requested change.

In addition to a legal review of the easements, Steve Brown reported that Morrison-Maierle researched the easements and there are no problems with securing them. Brown stated that we currently have an agreement that the YC supports.

When the agreement is ready to sign, *the Board directed Edwards to meet with Boyne to let them know about the District's option on the IO-acre snowmaking site and to also meet with Westland/TM so that they are informed about infrastructure location in regards to their town center development.*

All parties concurred that the agreement should be able to be executed at the next board meeting on March 28. In addition to the YC agreement signing, *a letter to formally withdraw the discharge permit is to be prepared for President Crowther's signature at the same meeting.*

Suggestions for inviting people and/or organizations to the signing included: Boyne, Simkins/Westland; DEQ- Todd Teegarden and Jan Sensenbaugh; HKM; Morrison-Maierle; Mona Jamison; District Legislators; Wayne Hill; Harry Meabon; Bill Ogle;

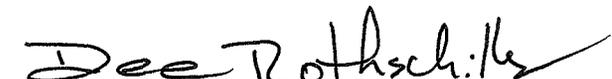
Gallatin County Commissioners; Madison County Commissioners; BSOA; Greater Yellowstone Coalition and other environmental groups; Media- Bozeman Daily Chronicle; Lone Peak Lookout, The Weekly. *Edwards is to contact Bob Sumpter for YC list of participants.*

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Wednesday, March 28, 2001, in the WSD community room. The tentative signing of the Yellowstone Club Agreement will be at 2:00 pm, followed by signing the letter withdrawing the discharge permit and then the regular meeting will begin at 3:30 pm. The Board and staff appreciation dinner will be at 6:00 pm at the Timbers at Moonlight Lodge.

**ADJOURNMENT**

*Director Radick moved to adjourn the meeting at 4:45 pm.*

  
Dee Rothschild, Secretary

02-28-01 .min (Board Approved 3/28/01)

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

**Acceptance of Monthly Financial Statements**

Date 02/20/2001

The Board of Directors at its 02/20/2001 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	01/31/2001
Assets:	<u>\$ 20,032,523</u>
Liabilities	<u>\$ 7,820,569</u>
Equity	<u>\$ 12,211,954</u>

2 Income Statement as of	01/31/2001
Total Revenues	<u>\$ 1,517,392</u>
Total Expenses	<u>\$ (866,231)</u>
Net Revenues	<u><u>\$ 651,161</u></u>



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Jack Crowther, President

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting – February 20, 2001, 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, February 20, 2001, in the WSD Community Room. President Jack Crowther, Vice-President Wendell Ingraham, Secretary Dee Rothschiller, and Directors Packy Cronin, and Dick Wiggins were present. Skip Radick came in at 3:43PM.

Others attending: Bill Dutton (taking meeting minutes), Ron Edwards, Jim Muscat, Grant Burroughs, Lone Peak Lookout reporter Marcus Hibdon, Tony Kolnik, and Mark Barajas.

Jack Crowther asked for comments from the public. No comments were made. Jack Crowther called the meeting to order at 3:37 PM.

**APPROVAL OF MINUTES**

*Wendell Ingraham moved to approve the regular meeting minutes of 1-16-2001. Dee Rothschiller seconded, the motion was then passed unanimously.*

*Wendell Ingraham moved to approved the executive session minutes of 1-16-2001. Seconded by Dick Wiggins, the motion was then passed unanimously.*

**FINANCIAL REPORTS**

January 2001 Financial Reports: Bill Dutton reported on the financial statements. Bill reported that we are still within our budget guidelines year to date. Wendell Ingraham commented that we should seriously look at paying off the last telemetry lease on the books. Bill and Ron will review paying off the telemetry lease.

*Packy Cronin moved to accept the unaudited financial statements. Seconded by Dee Rothschiller. Motion passed unanimously.*

On-Line Banking:

*Packy moved to open an On-Line Banking Account with Big Sky Western Bank, seconded by Wendell Ingraham, motion passed unanimously.*

**AMEND MEETING AGENDA**

*Wendell moved to put agenda item III(A)(3) up to number 2 and number 2 down to V(C), motion was seconded by Dee Rothschiller, motion passed unanimously.*

*Packy Cronin moved to put agenda item III, B 2 up to III, B, 1. Dick Wiggins seconded, motion passed unanimously.*

**OPERATOR'S REPORTS**

Water System Operation: Jim Muscat passed out the updated water use report. He discussed fluoride in our water at the request of several individuals in the District. Jim is waiting for the Lone Mountain Springs test results done a couple of years ago for the Mountain and the Meadow systems which will have the level of fluoride in our water. DEQ is supposed to mail the District the results.

Jim reported that we currently have four frozen service lines we are dealing with in the

District. One on Washaki in Cascade and Brad Lartrigue's residence in South Fork have already been thawed. Additional work will probably have to be done this summer to correct several areas prone to freezing. Jim also reported that the Andesite water line to the bathrooms is also frozen.

Ron and Jim are going to meet with Gaston Engineering to work out control issues on the new Cascade booster station. The District still has not yet taken over the Cascade water system.

Sewer System Operation: Grant gave his operators report. Our current pond volumes exceed last years flow by an estimated one million gallons. The filters will be started up towards the end of March 2001. Grant will also start doing Infiltration and Inflow (I&I) monitoring again in this spring.

### **GENERAL MANAGER'S REPORT**

Ron reported that we received preliminary approval on the snowmaking site subdivision application. He referenced the preliminary approval report for all of the conditions.

Ron reported that he and Bill Simkins met with Bill Murdock to find out if how the emergency access through the BSOA park land can resolved by Gallatin County. Westland TM has to prepare a minor subdivision application and submit it to Gallatin County to get some sort of answer on the adequacy of the proposed emergency access into section 31. Edwards also reported that the District now has the 12 acres deeded over from Westland TM in section 3 1. Edwards presented a supplemental agreement to the land swap agreement which Westland TM asked the District to sign due to complications getting all other parties to sign.

*Wendell Ingraham moved to not sign the supplemental agreement to the October 31, 2000, agreement between Westland TM and the District because the original agreement satisfies the provisions included in the supplemental agreement; and that the District pursue getting the original agreement signed by all parties. Dee Rothschiller seconded the motion. Motion passed unanimously.*

### **YELLOWSTONE MOUNTAIN CLUB AGREEMENT**

Ron passed out a revised copy of the Yellowstone Mountain Club Agreement. The board members are to review this revised copy. A special meeting was set for Wednesday, February 28, 2001, at 9:00 am to discuss this revised agreement.

### **WATER METERING PROJECT**

Ron received a draft bid packet from HKM and noted that it would be published for bidding in March.

## **LEGAL ISSUES**

Cronin vs Montana Public Service Commission: Ron passed out new correspondence from Art Wittich to the District via Mike Wheat, and from Art Wittich to the PSC regarding Cronin vs MPSC litigation. Ron already asked Mike Wheat to respond to Art's letter. Ron will contact Mike Wheat to write a response prior to the meeting on February 28. The District is also drafting a letter to Mae Nan Ellingson regarding bonding issues and potential impacts that the PSC ruling may have on the District. Packy reported that Art Wittich said he had not received any responses from the District from either of the two settlement offers that he made on behalf of his client, Paul Cronin. Ron will check with Max Davis concerning responses to Attorney Wittich's settlement offers.

Hall vs. WSD363: Ron reported that at this point in time, Boyne intends not to settle with Sarah Hall. So the litigation will continue to move forward.

## **WATER FACILITIES PLANNING DESIGN ENGINEERING**

Edwards presented a proposal from Allied engineering for engineering services for the design and construction engineering services for the water facilities plan improvements.

*Wendell Ingraham moved to sign the agreement with Allied Engineering for the Water Facilities Plan, after our attorney has reviewed and approved its form. Dee Rothschiller seconded the motion, motion passed 4 to 1. Packy voted nay and stated that he wants a legal review of the potential problems entering into this agreement because of the Cronin vs MPSC court decision.*

Dee Rothschiller left the meeting at 5:40PM.

## **NEW BUSINESS**

### **WATER FACILITIES PLANNING DESIGN ENGINEERING**

Ron is going to ask Mike Wheat for an opinion whether we would have an obligation to Antler Ridge if they do create a community water system.

### **NEW SEWER PERMITS**

No sewer permits were issued in January 2001.

### **MEETING ROOM DRAFT POLICY**

A draft meeting room policy was discussed. We will have Mary Ann Hobbs at Hoiness Labar review our draft policy and comment on its effect on the District's insurance liability.

### **SOURCE WATER PROTECTION PLAN**

Ron outlined a proposal to conduct a Source Water Protection plan at Big Sky. The plan is done to identify sensitive areas that could impact groundwater aquifers. Edwards noted that the state has grant money available for this type of project.

*Dick Wiggins moved to pursue the Source Water Protection Plan; and to submit it as one of the Big Sky Resort Tax District requests. Wendell Ingraham seconded, motion passed unanimously.*

### **REIMBURSEMENT REQUEST**

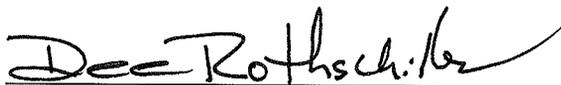
The Board discussed the request from Furston's to reimburse them for \$1,200 in room rent during the time his water line was frozen and being thawed. The board felt he should submit his request to the contractor who lowered the road level in that cul de sac area if that was in fact the problem. The board also expressed concern about the precedence that would be established if the request is granted.

### **EMPLOYEE MATTER**

Packy Cronin requested that the meeting be opened to allow Mark Barajas to present a letter to the Board. The Board agreed to allow Mark to pass out a letter which he handed to each Board member. The board members will review his letter and will take it up again at the meeting on February 28, 2001.

### **ADJOURNMENT**

*Packy moved to adjourn the board meeting. Dick Wiggins seconded the motion. Meeting adjourned 6: 05PM.*

  
Dee Rothschild, Secretary

**Executive Session -- January 16, 2001**  
WSD Community Room

In executive session, attorneys Mike Wheat and John Brown listened via speaker-phone. Manager Edwards briefly discussed the current situation with Mr. Barajas having been charged and pleading guilty to misdemeanor assault. Edwards presented the Board with a court document showing that Mr. Barajas plead guilty to assault charges in the Gallatin County Justice Court. Manager Edwards reviewed with the Board the "Discipline" section of the District Policy Manual which states:

"An employee may be immediately suspended or discharged for the following reasons: dishonesty; theft; drinking while on duty or coming to work intoxicated or under the influence of drugs and/or alcohol; unauthorized possession, sale or use of controlled substances; falsifying of reports, records, or sick leave; excessive absences or tardiness; willful destruction of property or equipment; conviction of a felony; gross insubordination; failure to maintain insurability to operate a District motor vehicle; assault, intimidation of, or abusive language toward a co-worker or any other citizen; unauthorized possession of firearms upon District property; sexual harassment or unwelcome behavior toward another employee or customer; breach of confidentiality, or other violations deemed serious."

Edwards noted that Mr. Barajas had signed an acknowledgement that he received the Policy Manual on January 6, 1999.

Mike Wheat informed the Board that based on the District's policy statement, that from a legal standpoint, the Board has legal grounds to terminate his employment with the District if they so choose. Attorney Wheat asked if there were any other facts to consider on whether or not to terminate Mr. Barajas employment. Edwards noted that under the terms of Mr. Barajas's engagement letter, he had been informed that he had 1 year from the date of hire to become certified as an operator in training in both water and wastewater. It has been over 2 years, from his date of hire and he had not fulfilled this requirement. Attorney Wheat advised the Board to include this as a another reason for termination if they decide to terminate his employment.

President Crowther noted that the District should have a "zero tolerance" for this sort of behavior from its employees. After some Board discussion, ***Director Ingraham moved to terminate the employment of Mark Barajas immediately for a violation of District policy per the "Discipline" section of the District Policy Manual, and failure to complete the required operator certification within the specified time, and that he be notified in writing of the Board's decision and his rights under the "Grievance Procedure" section of the policy. Director Peacock seconded the motion. Motion passed, 6 yea votes to 0 no votes.***

***Director Ingraham moved to close executive session and reconvene into open session. Director Wiggins seconded the motion. Motion passed, 6 yea votes to 0 no votes.***

  
Dee Rothschild, Secretary

**Regular Meeting -- January 16, 2001, 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, January 16, 2001, in the WSD Community Room. President Jack Crowther, Vice-President Wendell Ingraham, Secretary Dee Rothschiller and Directors Stewart Peacock (left at 5:23 pm), Skip Radick and Dick Wiggins were present. Director Packy Cronin was 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 Allied Engineering representatives Terry Threlkeld and Chris Budeski.

**PUBLIC FORUM**

With no public comment, President Crowther called the meeting to order at 3:43 pm.

**APPROVAL OF MINUTES**

*Director Radick moved to approve the December 19, 2000, regular meeting minutes as written. Director Rothschiller seconded the motion. Motion carried, 6 yea votes to 0 no votes with President Crowther voting.*

With three entities recently requesting use of the meeting room, Kennedy asked the Board if they wanted a meeting room use policy. Staff are to research policies from other facilities and present a draft policy for Board consideration at the next meeting. Staff are to also check on insurance coverage for the meeting room.

**FINANCIAL REPORT**

October Financial Reports Dutton briefly reviewed the financials, noting new accounts and reporting that the budget is basically on target. The SRF loan payment was made, two telemetry leases were paid off and a new truck was purchased. In addition, there have been vehicle repairs to the Suburban that were not anticipated. The old Toyota truck will be kept as a District work truck.

*Director Ingraham moved to accept the unaudited December financial reports as presented. Director Peacock seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Crowther voting.*

Automatic Payment Options In the mailing of 4th quarter statements, Dutton included a letter to customers asking if they wanted statements E-mailed or a bank draft payment option which is to be offered through Big Sky Western Bank. Thus far, 30-40 requests have been received for both services. Edwards reported that he is working with Black Mountain on the utility billing to be able to easily post bank draft payments.

**AMEND AGENDA**

*Director Rothschiller moved to amend the agenda to go into executive session to discuss personnel issues. Director Peacock seconded the motion. Motion passed, 6 yea votes to 0 no votes.*

See the executive session minutes for Board action.

### **AMEND AGENDA**

*Director Radick moved to amend the agenda to address item IV. E., Legal Issues. Director Ingraham seconded the motion. Motion passed, 6 yea votes to 0 no votes.*

### **LEGAL ISSUES**

Cronin vs. PSC: With legal counsel John Brown and Mike Wheat participating via telephone, Edwards provided an update on the status of this lawsuit. The court decision in favor of Cronin basically invalidates PSC's approved transfer of Lone Mountain Springs to the District. According to Martin Jacobson, PSC has not made a decision to appeal or hold a contested case hearing. Brown has sent a letter to PSC asking for a decision. Wheat estimated 9 months to 1 1/2 years for a new hearing to be held and a transfer decision to be made. According to John Brown a contested case hearing procedure is handled just like a court case with discovery, etc. Responding to inquiry if there will be any fallout from this court decision that will effect the other Cronin lawsuit, Wheat doesn't believe the two cases are related. Legal counsel recommended forging ahead with "business as usual" and they will continue to follow up with PSC.

Neil Consulting Litigation: Greg Smith's letter of response noted that the deadline has lapsed with rejection and the two sides are about \$500 apart. Edwards distributed a letter from John Brown dated January 12, 2001, that recommended the District accept Smith's offer of \$21,500 plus reasonable attorney fees of \$3,000 for a total \$24,500.

*Director Radick moved to accept John Brown's letter of recommendation dated January 12, 2001, to settle the case with Neil Consultants for a total of \$24,500. Director Ingraham seconded the motion. Motion passed, 6 yea votes to 0 no votes.*

Hall Litigation: Wheat reported that Boyne may make an offer to settle with Hall, which would make the case go away. At the Board's request, *Wheat is to revisit the subject of Boyne paying the District's legal costs.*

### **AMENDA AGENDA**

*Director Ingraham moved to amend the agenda to address item IV. B., Yellowstone Mountain Club Agreement. Director Peacock seconded the motion. Motion passed, 6 yea votes to 0 no votes.*

### **YELLOWSTONE CLUB AGREEMENT**

Legal counsel felt they would be ready to schedule a special board meeting after another meeting with Sumpter and Steve Brown. Wheat and Edwards reviewed major changes in the agreement which gives 48 SFEs to LMM until the first phase of storage is complete, establishes a special connection charge for YCs 1,900 SFEs if they do not complete the improvements and affirms the District's ability and intent to trade the snowmaking site to YC in exchange for additional YC property for wastewater storage and disposal. The District needs to get YC exhibits and work on the formula from Ray Armstrong, HKM. Director Radick would like all the debate and discussion from both sides done prior to a public board meeting so that there is consensus on the agreement. Wheat believes that this

agreement will get the District to full build out with possibly lower costs. Director Ingraham stated that the numbers so far show that both sides are getting a fair deal. Edwards announced, that with the tremendous cost savings from the possibility of eliminating the snowmaking and other provisions in the agreement, the District may be able to re-evaluate the SFE PIC rate for sewer connections. Director Wiggins wants the District to be proactive in what the District has done and have that publically presented. Wheat is to call Steve Brown and see what their schedule is to set up a meeting.

### **POWDER RIDGE**

Edwards reviewed the Board's action from the last meeting on Boyne's credit use issue. Boyne has made a request to use the credit for the Holiday Inn Express project which is in Section 30. Edwards distributed a letter from John Brown dated January 12, 2001, clarifying that Boyne can use the credit in Section 30 as long as they get the permit in their name and it is for property they own. Boyne can then sell the project if they so wish.

### **AMENDA AGENDA**

*Director Ingraham moved to address item IV. C., Water Facilities Plan. Director Radick seconded the motion. Motion passed, 6 yea votes to 0 no votes.*

### **WATER FACILITIES PLAN**

Terry Threlkeld and Chris Budeski, Allied Engineering, presented information on the existing Meadow Village water system, noting problem areas. Using a 7% growth rate, Allied distributed a growth projection and water system requirements report. Allied proposed several improvements, including: 1) installing a bigger tank of 500,000 gallons near Hidden Village this summer; 2) installing a PRV at Two Moons Road to isolate the pressure systems in Westfork, South Fork and Westland Town Center areas; 3) providing back up power to well #3, 4) begin rehabing the wells/pumps by year 2004, and 5) drill or recomplete 1 well to at least 220 gpm. Threlkeld has talked to affected landowners and they are willing to work with the District if the tank could be partially underground, area landscaped and .the land reclaimed where the new water line will be. Edwards would like to remove the old HV and WF tanks. Threlkeld commented that removing the tanks was not factored into the cost analysis, but it may be a wash with the salvage value of these tanks. The cost estimate split would be about 1 million for the District. An estimate of \$705,000 would be for work through 2001. Funding could come from an SRF loan, with reserve funding used for this first phase work. Construction could begin sometime in June or July. Edwards has asked Allied to get prepare a design contract so plans and specifications can be submitted to DEQ. Westland would like a cost share agreement signed. Edwards has talked to John Brown to prepare a draft cost share agreement.

*Director Radick moved to direct Allied Engineering to proceed with design and for Edwards to work on a signed contract and to pursue alternatives for financing. The agreement is to include some compensation to the District for doing all the legal and engineering work. Director Ingraham seconded the motion. Motion passed, 5 yea votes to 0 no votes. Director Peacock was not present for this vote.*

## **OPERATOR REPORTS**

### Sewer System Operations:

**Monthly Report--**Burroughs reported that we are at about where we were last year for flows. The mountain has reported a 20% increase in ticket sales and the mountain flows are higher, showing as a result of the traffic increase. A false reading was received on the mountain due to lines being plugged for a couple of days. Burroughs would like the Board to consider an I & I study be done in the spring as discussed at a previous meeting.

*Burroughs and Edwards are to make a recommendation to the Board at the next meeting. With Lone Moose Meadows, Burroughs turned the system on right before Christmas and has been monitoring it. The flows should be higher to run the system more efficiently.*

### Water System Operations:

**Monthly Report--** Muscat distributed the year-end water production totals. Due to the high numbers in November and December, Muscat believes that there may be leak issues to address in the Meadow. *The Board directed Muscat and Edwards make a proposal for leak detection.*

**Andesite Water Line--**Referring to the letter from Jim Melstad, DEQ, Edwards reported that the Andesite water line was approved as a main. Boyne has not submitted as built and they are not to connect any other service to the line. DEQ is hoping that Boyne connects their Andesite service to the YMC line when that work is done. Muscat reported that Boyne now has proper back flow prevention in place on their line. Muscat noted that the issue of whether the line is a main or service needs to be addressed.

**Silvertip Development/Gasoline Storage Tank Setback--In** regards to the Silvertip/West Berlin Development, Muscat reported that DEQ has written informing the District that there are no water main setbacks from gas lines or tanks. Edwards said there is a 30-foot easement in the agreement with Berlin. The District's file on this project does not show an approval of a gas station and Edwards has not received any information from his request for information on approval from the state.

**Cascade Water System Transfer--Muscat** said the entire mountain supply is coming from the new system. Only one issue on the punch list remains, the sulfur concentration in well #5. Muscat said both wells are high in sulfur and Boyne wants the District to accept the system with items that are currently complete. The District Board wants language added to any transfer agreement that the wells have to be acceptable to the District. *For the next meeting, the Board directed Edwards to prepare a transfer agreement with language that protects the District in regards to acceptable wells.*

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

Snowmaking Site Preliminary Subdivision Application: Edwards reported that the minor subdivision preliminary application was submitted to Madison County, and the county planning board will make a recommendation, and then the Madison County Commission will make a final decision.

Advanced Treatment Plant Site Land Swap: Edwards reported that the land swap is hung up as Boyne has not signed it. The .43 acres for the park is conditioned on Gallatin County accepting the emergency access, consequently Boyne has not signed the agreement. *The Board asked Edwards to relay the message to Simkins that this is not what was originally agreed to. There was no condition on Gallatin County approval and they have not followed through on the intent on the agreement.*

### **WATER METERING PROJECT**

Edwards sent John Brown legal opinions from Betsy Griffing asking for his review and opinion on legal implication of metering without a vote on the short term loan for the meters. Edwards received a contract for services from HKM totaling \$14,600; \$8,500 for the water rate development, and \$6,100 for the metering project. Residential metering will be the first phase, followed with condos and commercial.

*Director Radick moved to allow Edwards to proceed with the metering project dependent on advice of counsel. Director Wiggins seconded the motion. Motion passed, 5 yea votes to 0 no votes.*

### **SEWER & WATER PERMITS**

Status Report: Edwards reported that two new permits were issued.

### **NEW DEVELOPMENTS & SUBDIVISIONS**

Tract 8: Edwards has asked Roepnack for a site plan as an irrigation line will need to be moved prior to Roepnack starting construction.

Southfork II: A plat amendment has been requested, changing 2 multi-family lots to 10 single family lots. Edwards will write a letter approving the change as this will lower the overall planned density.

Antler Ridge/Conte: The project hearing notice advertised "community water and sewer service". Edwards contacted Randy Johnson, Gallatin County Planning, and he reports that the development is proposing their own community system. Edwards will attend the county hearing for this project to get more information.

### **GENERAL CORRESPONDENCE**

ISO: Edwards wrote to Fire Chief Bob Stober on the ISO again. The Fire District will probably want to wait to invite ISO to Big Sky until after the initial water facilities plan work is done.

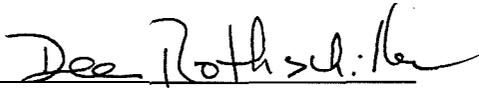
District Parking Lot: *Director Rothschiller asked that a letter be sent to Meadow Center requesting that they not use the parking area next to the WSD building and to also leave the pathway open if they need to park in the WSD lot.*

**NEXT MEETING**

The next regular Board meeting is tentatively scheduled for Tuesday, February 20, 2001, at 3:30 pm in the WSD community room.

**ADJOURNMENT**

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



Dee Rothschiller, Secretary

01-16-01.min

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

**Acceptance of Monthly Financial Statements**

Date 01/16/2001

The Board of Directors at its 01/16/2001 Board meeting reviewed and accepted the financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of	<b>12/31/2000</b>
Assets:	<u>\$ 19,977,544</u>
Liabilities	<u>\$ 7,817,737</u>
Equity	<u>\$ 12,159,807</u>

2 Income Statement as of	<b>12/31/2000</b>
Total Revenues	<u>\$ 1,341,102</u>
Total Expenses	<u>\$ (742,087)</u>
Net Revenues	<u><u>\$ 599,015</u></u>

  
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Jack Crowther, President