

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- December 17, 1996, 3:00 pm
BSOA Conference Room**

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, December 17, 1996, in the BSOA Conference Room. President Bill Ogle, and Directors Harry Meabon, Dee Rothschiller, Stewart Peacock and Skip Radick were present. Directors Wendell Ingraham and Bill Neece were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; MSE-HKM representative Jim Braley; and Lone Peak Lookout writer Ann Sniecinski.

There being no public comment, President Ogle called the meeting to order at 3:18 pm.

APPROVAL OF MINUTES

The minutes of the December 3, 1996, Special Meeting were reviewed and approved as amended. *Director Meabon moved to approve the December 3, 1996, minutes as amended. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.*

The Directors asked about the irrigation line in the Meadow Center area and expressed concern that the line may be under Doug Bing's new commercial building. Edwards commented that the irrigation pipe is within the right-of-way and believes that it may be close to the building and not under the building.

FINANCIAL REPORT

Bill Dutton reported that there is no new information on the billing for the Mountain Lodge. Dutton will check with Boyne on the status if he hasn't heard from them within a month.

Dutton reviewed the November financial statements reporting that, overall, the District is still under budget. On the Budget vs Actual Expenses report, Director Meabon requested that the "Hookup/Impact Fees" in the budget and financial reports be changed to "Connection/Permit Fees" and "Connection/Impact Fees" so as to be in agreement with Section 311 and 312 of Ordinance No. 96-1001. In addition, add a column "percentage of year" to the report. Edwards noted that a spreadsheet will be set up to track separate categories for legal expenses even though all these expenses will be under a single account number on the budget report.

President Ogle would like progress/interim billing from professionals so that bills are not lagging behind. Edwards will write a letter to attorneys requesting monthly billing.

Director Radick moved to approve the November Financial Statements. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes without President Ogle voting.

In regards to billing invoices, Director Meabon requested that a staff signature of who ordered the work or made the purchase be on the statements before payment is made.

Dutton reported that the auditors, Joseph Eve & Co., requested and received an extension for filing the District's audit. The new filing deadline is December 31, 1996. Dutton received via fax yesterday the preliminary financials and depreciation schedule and the narrative may arrive today. The depreciation schedule was much higher (approximately \$30,000) than Dutton's figures. Dutton noted that the retention for aerators was not capitalized.

OPERATOR'S REPORT

Grant Burroughs reported on the progress of the following sewer extensions:

Snowcrest: Burroughs reviewed the letter he wrote to Boyne representative Bill Neece and noted that Brian Wheeler is aware of the requirements in the letter even though no one from Boyne has talked to the District about the letter. As of today, only engineers and Williams Plumbing have called. Burroughs believes that items 1 and 2 are nearly complete and item 3, the performance bond, remains. Burroughs estimated that warranty security, 10% of the construction cost of the sewer line, will be around \$4,000-\$5,000.

Aspen Groves: Burroughs reported that the major sewer work is almost complete. The video tapes indicate a couple of low areas, totaling 85 linear feet of mainline that will need repair. The contractor plans to correct these problems next spring. The contractor will install mini-plugs to isolate the Aspen Groves extension until final inspection and acceptance. Burroughs reported that there is a problem with the section of line that served the old trailer court. Burroughs estimates 857 feet of pipe at \$30,000-\$40,000 if it needs to be replaced. The video tape will be studied before making a final decision on the adequacy of the line. Developer Radick said the sewer line was rerouted to save many trees. Per a letter sent by Jim Muscat, he was aware that Aspen Groves is responsible for fixing the problem line. The Board discussed accepting responsibility for I&I repairs that the District would be responsible for in any event.

The Board agreed to accept the responsibility of fixing the sewer mainline from the Faubert lateral connection to the outfall line. Aspen Groves is then responsible for the section of line upstream of the Faubert connection to manhole 130. The Board directed staff to study the inspection tapes and work out an agreement that specifies responsibility and allocation of respective costs.

Cascade: Jim Muscat reported that construction on the sewer extension in Cascade started a couple of weeks ago. Work was halted due to extreme cold weather. Williams Plumbing & Heating will notify Muscat if they decide to continue working.

Burroughs noted that a set of as-builts still have not been submitted for Cascade and problems with the sewer lines have been punched listed and sent to the owner. Edwards noted that letters still need to be sent to Upper Cascade lot owners informing them that service will not be available until the developer's contractors complete the work satisfactorily on the sewer line.

Northfork Creek: Burroughs reported that the sewer extension work is basically done. Burroughs will have the contractor plug the inlets and outlets until final acceptance of the system. Edwards will send a letter to the owners so they know it has been plugged.

Flumes: Burroughs briefly reported on his meeting with Dave Crawford, TD&H Engineering, Bozeman. Burroughs requested a proposal to evaluate and calibrate the flows through the flumes. Burroughs had not received the proposal yet.

Flow Comparisons: Edwards and Burroughs reviewed the chart on flow comparisons provided in the Board packet.

Williams Plumbing: Burroughs reviewed a letter sent to Williams Plumbing explaining the District's refusal to pay a certain repair bill. Williams repaired the sewer mainline that they broke in the right-of-way. Several months later a problem was noted after attempting to video the repaired section. Edwards agreed that the District should not pay for this work. Board members agreed with Edwards' recommendation.

IAWP REPORT

Construction Report: Edwards reported on the progress each contractor has made on construction through December 12, 1996. Approximately 50% has been paid to construction contractors and the engineers have been paid 38%.

Williams Brothers/Filtration Treatment Plant--The building was delivered on December 4. Most of the structural framing is complete and side panels should start going up this week. Edwards had nothing new to report on the filter and does not know of any order for a filter system being placed by the contractor.

According to the original schedule of July 24, 1996, the project is behind--67 days on the building, 168 days on the filter system submittal, and 109 days on the filter unit installation. MSE-HKM has requested a revised construction schedule.

Change Orders: Williams Brothers/Treatment Plant--A request for \$1,382 for the additional pilaster concrete work plus some other work directive low cost items. The cost to move an electrical panel is to be deducted from Van Dyke pay request since they buried it.

VanDyke/Storage Pond--Change Order No. 6 for pump and generator rental from October 23 through November 19. Edwards noted that the request is consistent with other rental costs submitted prior.

Director Meabon moved to approve the final request for rent of the generator for \$7,974.10. Director Rothschilder seconded the motion. Motion passed, 4 yeas votes to 0 no votes without President Ogle voting.

Change Order No. 5: Edwards explained the costs associated with the drying of the material that was worked by a dozer before being hauled to Big Sky Lumber's crusher.

WATER COMPANY TRANSFER REPORT

Edwards briefly reported on his meetings with John Brown to work on a draft letter to Boyne concerning the settlement and water company transfer. The land title report from American Land Title had been received and copies of the documents will be made available to the Board members.

ORDINANCE 96-1001 AMENDMENTS

Edwards reviewed proposed amendments to the Sewer Use Ordinance with the Board. In regards to sewer lateral stubs, the developer or lot owner should be responsible for installation costs if no lateral stub exists. With new sewer extensions, lateral stubs will be required during initial construction. Edwards noted that the Long Term Compliance Work Plan will also need to be amended to reflect the changes to Table 3.0-1.

Edwards reported that Brian Wheeler had called in regards to Tract E in the Meadow and noted there is no allocation of SFE's for it on Table 3.0-1. It apparently was overlooked, and Wheeler will need to write to the Board requesting the Tract be added to the Table. Edwards will check on the zoning for Tract E in Meadow Village.

The intent of the Ski Areas category on the Single Family Equivalency table was discussed. It is unclear if, for skier capacity, the calculation of .0001 SFE's should be made on lift capacity or skier days. Edwards will check with the engineer, Rick Kerin, on the intent of this charge and check with Boyne for numbers on lift capacity and skier days numbers.

BYLAWS

Edwards discussed the draft Bylaws, last revised April 26, 1996. Edwards noted that the election of directors could be a problem in 1999 as five director positions expire that year. The District should consider a change in the statute to stagger the turn over evenly. Edwards asked Board members to get any edits to him for inclusion in the Bylaws. The Board will schedule a meeting to specifically work on this document.

ELECTION OF OFFICERS

Edwards noted that according to the draft Bylaws, election of officers is to occur at the November regular meeting each year. The Board nominated the 1996 officer slate as follows for 1997: Chair -- Bill Ogle, Vice-chair -- Harry Meabon, and Secretary -- Bill Neece.

Director Meabon moved to nominate Bill Ogle as Chair. Director Rothschiller seconded the nomination. Ogle was elected, 4 yea votes to 0 no votes. Director Ogle abstained from voting.

Director Rothschiller moved to nominate Harry Meabon as Vice-chair. Director Radick seconded the nomination. Director Peacock moved to close the nominations. Meabon was elected, 4 yea votes to 0 no votes. Director Meabon abstained from voting.

Director Peacock moved to nominate Bill Neece as Secretary. Director Meabon seconded the nomination. Director Meabon moved to close the nominations. Neece was elected, 5 yeas votes to 0 no votes.

OTHER TOPICS

Board/Staff Gathering: The Board tentatively scheduled a Board/Staff appreciation dinner for February 1 at the Rainbow Ranch. District staff will follow up on the scheduling.

Pinewood Hills Lot (Bill Pasich): Edwards reported on a telephone conversation he had with Mr. Pasich regarding the letter the District sent Pasich about discontinuing monthly sewer fees for Pinewood Hills lots. Pasich has not built a home yet, but he paid an impact fee when he received a sewer permit from the District in 1992. Since 1992, the District's database shows that the lot has been billed at a .5 SFE. The District should have changed billing to 1.2 SFEs when Pasich was issued a permit. Edwards said for other accounts in the same situation, the District has been billing based on the number of SFE's which were approved on the sewer permit. The Board recommended back billing one year at the 1.2 SFEs and continue to bill at the 1.2 SFEs in the future.

Snowmaking: Edwards reported that the Department of Environmental Quality approved the snowmaking proposal.

EXECUTIVE SESSION

At 6:30 pm Director Meabon moved to go from regular session into executive session to discuss legal issues. Executive session was adjourned at 7:45 pm.

At 7:50 pm President Ogle moved to return back to regular session. Director Meabon seconded the motion.

NEXT MEETING

The next Board meeting is tentatively scheduled for Thursday, January 9, 1996, at 3:00 pm in the BSOA office.

ADJOURNMENT

Director Peacock moved to adjourn the meeting at 7:50 pm. Director Meabon seconded the motion. Motion passed, 4 yeas votes to 0 no votes.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

Special Meeting -- December 3, 1996, 3:00 pm
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Tuesday, December 3, 1996, in the BSOA Conference Room. President Bill Ogle, and Directors Dee Rothschiller, Stewart Peacock and Harry Meabon were present. Directors Skip Radick and Wendall Ingraham and Secretary Bill Neece were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, and Marlene Kennedy; MSE-HKM inspector Jim Braley; legal counsel Mike Wheat and John Brown, Lone Peak Lookout writer Ann Sniecinski; and Huppert Brothers representative Fred Huppert.

President Ogle called for public comment at 3:1 pm.

PUBLIC FORUM

Ann Sniecinski asked the Board if the proposed park district bonding at 10 mils would affect the District. President Ogle stated that the Board has not spent any time discussing this issue.

With no further public comment, President Ogle called the meeting to order at 3:12 pm.

APPROVAL OF MINUTES

The minutes of the October 24, 1996, Regular Meeting; the November 6, 1996, Special Meeting; and the November 19, 1996, Regular Meeting were reviewed and approved as amended.

Director Meabon moved to approve the October 24, 1996 minutes as amended. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.

Director Meabon moved to approve the November 6, 1996, minutes as amended. Director Peacock seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.

Director Rothschiller moved to approve the November 19, 1996, minutes as amended. Director Meabon seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.

In regards to the Mountain Lodge billing noted in the November 19, 1996, minutes, Bill Dutton sent the bill to Mary Wheeler after discussing the billing error with her. Wheeler said she would route the bill through the proper channels.

RESORT TAX DRAW REQUEST

Bill Dutton presented a resort tax draw request in the amount of \$60,621.97 for Board approval. The draw request is to reimburse the District for I & I work done this fall. Dutton noted that approximately \$10,000 of the request is for labor.

Director Meabon moved that the draw request for \$60,621.97 be submitted to the Resort Tax Board. Director Peacock seconded the motion. Motion passed, 4 yeas votes to 0 no votes with President Ogle voting.

EMPLOYEE SALARY ISSUE

Dutton informed the Board of the 2.8% retroactive adjustment recently made to Jim Muscat's salary. The adjustment was made to pay Muscat for a salary increase that should have been effective on his anniversary in May. The Board stated that employees' normal salary review and consideration will occur on their individual anniversary date of hire.

AGENDA CHANGE

The agenda was modified to accommodate Fred Huppert, moving item V--IAWP Progress Report before item IV--Water Company Transfer Report.

IAWP REPORT

Huppert Brothers/Golf Course Irrigation--Fred Huppert requested a reduction in Huppert's retainage account from 10% to 5%, releasing 50% of the base bid retainage. Huppert's request amounts to \$50,000 and added that all materials on the base bid are paid for. Edwards noted that to date, \$110,574 has been withheld and put into an interest bearing account at Big Sky Western Bank. The Board packet included correspondence relevant to the request.

Huppert reported that they have basically shut down for the season and they have hired Matt Rothschiller to maintain the fencing on the golf course throughout the winter. A stop work order was issued on November 8, and Huppert hopes to start work again on April 1 with the goal of finishing course clean-up by June 1. Backfilling and sodding will be the most time-consuming tasks in the spring so they plan on using Chris Lund to assist in the restoration. When questioned about the rolled up sod and whether it will make it through the winter, Huppert said the sod has a 95% chance of making it as most of it was dormant when cut. If the sod does not make it, Huppert will replace it.

Huppert discussed the potential problem associated with the 6 inch saddle tee gasket fittings. Huppert said that this is the first time the fittings have been a problem and it would be Huppert's and the manufacturer's problem to fix them if they become a problem. He has already contacted the manufacturer to investigate the two defective gaskets that failed this fall. If there is a problem, they will replace the fittings. Edwards reported that 42 days will be added to the original contract for base and alternate work items when the start work order is issued in the spring.

Edwards did not recommend releasing any of the retainage and reiterated the itemized reasons in his managers report. Edwards noted that the retainage serves as insurance and incentive to get the work done in the spring. President Ogle polled the Board on reducing the retainage, the board will leave the retainage as it is per the contract.

Williams Brothers/Filtration Treatment Plant-- Edwards reported that Williams Brothers gave MSE-HKM another substitute filter submittal on November 22. MSE-HKM sent a letter on December 2 to Williams rejecting the submittal based on the lack of

performance data and insufficient information on the design detail. The letter informs Williams that MSE-HKM will not review any further submittals and to order the Neptune system as specified in the specifications. Edwards noted that delivery is projected to be 24 weeks for the Neptune filter system if it were ordered today.

The Board reviewed and discussed MSE-HKM's letter of December 2 sent to Williams. In reference to a sentence in the last paragraph of the letter, "We have been instructed by the Owner to not review any further submittals of the Pacific Keystone equipment," the Board noted that it is MSE-HKM's contractual responsibility to review "or equal" submittals, and the Board did not instruct MSE-HKM "to not review" any further submittals. President Ogle said he wants to clarify that MSE-HKM was not instructed by the Owner to not review any further submittals and that the Board is not saying to not review further submittals, but to establish milestone deadlines for the review and a decision to either approve or reject submittals in the future. Wheat commented that since the letter is specific to the Keystone system he doesn't see a problem with it. Edwards is to send a letter to MSE-HKM to clarify this particular sentence of the letter.

The Board briefly discussed the project schedule and whether the plant would be able to deliver water on schedule. Edwards commented that the District should have a contingency plan for irrigation if the plant is not complete in time. The Board asked if the main line heading to the horse pasture had been tested. Braley stated that water was going through the horse pasture line for approximately 2 months, but it has not been pressure tested. Braley said that all lines will be tested at approximately 125 psi for 2 hours.

Edwards reported on the monthly contractor's coordination meeting held in the morning. Mark Todd represented Williams Brothers at the meeting and reported that the building is supposed to be delivered on Thursday. The roof and sides are scheduled to be up by the first of the year. Williams will try to push their building sub, Sowles, to get the building constructed quicker. Inspector Braley estimates that Williams Brothers is 3-6 weeks behind schedule based on the project schedule submitted in October. Williams will be submitting a new schedule this week with their payment request.

VanDyke Construction/Storage Ponds-- Edwards reported that District employees installed a temporary fence on December 2.

WATER COMPANY TRANSFER REPORT

Edwards briefly reported on a meeting that was held on November 25 with Mike Wheat, John Brown and Steve Barrett at Cok, Wheat & Brown's office. The purpose of the meeting was to discuss the Boyne settlement and the Lone Mountain Springs (LMS) transfer. Mike Wheat requested, and received from the court another extension to file the settlement agreement. The deadline is now December 31, 1996.

Edwards noted that the water rights will take a considerable amount of time to clean up, past the December 31 deadline. The Board needs to decide on how it wishes to proceed with the settlement and LMS transfer and still meet the deadline. Edwards discussed one option— taking LMS as is and negotiate with Boyne on paying for the costs to clean up all

of the problems. Edwards suggested including compensation for the District for the increased work which will be involved in cleaning up the problems. John Brown reported that Brad Stratton, American Land Title, is still working on the land report. Brown will contact Stratton on Wednesday to find out when the report will be finished. Brown noted that the District needs to have or be able to get clean, marketable titles.

Wheat noted the District is probably the best candidate to clean up the LMS problems that have been identified. The District must decide how much it is willing to do and the cost to place on it. President Ogle asked the Board members if they supported this approach and whether to further negotiate with Boyne to work toward taking LMS. Director Meabon responded yes, and noted that the District has to perform realistic due diligence to identify all potential problems. Director Meabon also noted that it is important to get an irrigation contract signed, particularly on Tract B. Director Peacock responded yes. Director Rothschilder responded yes and further stated the District must continue in good faith to negotiate for this transfer. President Ogle added that any increase in effort by the District should be compensated.

The Board discussed the recent "lead in drinking water" notice that appeared in the November 27 issue of the Lone Peak Lookout. Director Meabon said the Board needs to get all of the information and implications of the public notice. Edwards will follow up by contacting Tom Halpin in regards to the public notice.

Edwards noted that the Board packet included a new draft of the settlement agreement. Wheat summarized by stating that the easy part is the settlement, and the hard part will be the transfer of the water company. Edwards and Wheat will set up a meeting with Steve Barrett, possibly early next week, after a land report from American Land Title has been received and reviewed.

PILOT SNOWMAKING UPDATE

Edwards gave a brief update report on the pilot snowmaking project. MSE-HKM has asked Delta Engineering for a contract for the project, estimated to cost \$40,000. Todd Teegarden, MDEQ, informed the District that the project has been approved by DEQ. MSE-HKM will follow up with Delta to confirm the delivery dates and contract for performance. Edwards noted that the project is still within the project budget. Edwards also noted that if a Delta system is eventually built, this cost for the pilot plant rental would be a credit.

AMENDMENT TO ORDINANCE 96-1001

Edwards will send out a revised amendment, incorporating comments of Director Meabon and Mona Jamison, in the next board packet.

OTHER TOPICS

No other topics were brought before the Board.

EXECUTIVE SESSION

At 4:45 pm Director Meabon moved to go from regular session into executive session to discuss legal issues. Director Peacock seconded the motion.

At 5:20 pm Director Rothschiller moved to return back to open session. Director Meabon seconded the motion.

Director Rothschiller moved to adjourn the executive session and reconvene into regular session at 5:20 pm. Director Meabon seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.

The Board briefly discussed the Department of Environmental Quality (DEQ) request for assistance from the District in providing a list of names for a meeting notice. DEQ has tentatively scheduled a meeting at Big Sky on December 17, 1996. The purpose of the meeting will be to begin discussing a plan to conduct a study to define the potential for growth in the Big Sky/Gallatin Canyon area. Manager Edwards will work with Director Rothschiller to put together a list for DEQ.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, December 17, 1996, at 3:00 pm in the BSOA office.

ADJOURNMENT

Director Meabon moved to adjourn the meeting at 5:30 PM. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS

Date: December 17, 1996

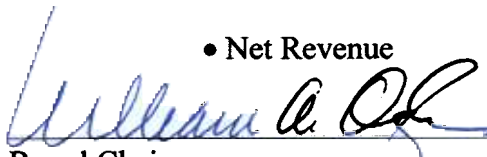
The Board of Directors at its December 17, 1996 board meeting reviewed and accepted the BSWSD #363 financial statements as follows (amounts are rounded to the nearest dollar):

Statement of Condition as of 11-30-96

- Assets: \$ 6,213,045.00
- Liabilities: \$ 3,561,447.00
- Equity: \$ 2,651,598.00

2. Income Statement as of 11-30-96

- Operating Revenue \$ 102,484.00
- Non-Oper Revenue \$ 544,613.00
- Operating Expenses \$ 85,452.00
- Non-Oper Expenses \$ 555,945.00
- Net Revenue \$ 5,700.00


Board Chair

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

Regular Meeting -- November 19, 1996, 3:00 pm
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, November 19, 1996, in the BSOA Conference Room. President Bill Ogle, and Directors Wendall Ingraham, Harry Meabon, Dee Rothschiller, and Stewart Peacock were present. Director Skip Radick and Secretary Bill Neece were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, and Marlene Kennedy; MSE-HKM representatives Gary Simonich, Ray Armstrong, and Jim Braley; Williams Brothers Construction representative Barry Curtis; legal counsel Mona Jamison; and Lone Peak Lookout writer Ann Sniecinski.

President Ogle called the meeting to order at 3:20 pm.

APPROVAL OF MINUTES

The minutes of the October 24, 1996, Regular Meeting were reviewed and approved as amended. *Director Meabon moved to approve the October 24, 1996, minutes as amended. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.*

Director Meabon moved to rescind the approval of the meeting minutes of October 24, 1996. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.

Minutes of the October 24, 1996, and November 6, 1996 meetings will be amended as noted by the Board and held for approval until the next Board meeting.

In regards to the October 24 meeting minutes, the Board members discussed whether the District's insurance covers private property damages if the District's lines back up into private property. Edwards will follow up and report at a future meeting.

FINANCIAL REPORT

Approve Financials:

Dutton reported that the September financials were reviewed at the October 24, 1996, meeting but not formally accepted. *Director Rothschiller moved to accept the September Financial Statements. Director Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.*

Dutton reviewed the October financial reports provided in the Board packet, noting the balance sheet indicates there is about \$20,000 left for I&I which will be used next year. Meabon would like a specific fund account designated for permit fees in restricted cash equivalents. This issue will be addressed and considered at a later meeting. President Ogle noted that as of September the budget basically indicates about \$12,000 over budget, which will correct itself when work slows for the winter.

Director Meabon moved to accept the October Financial Statements. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.

Dutton reported that the audit will be done by the end of December and it will be filed with the Department of Commerce.

Truck Purchase Option:

Bill Dutton reviewed three bids for purchasing a new work truck for the District. The lowest was from Archie Cochran of Billings, for \$20,577, about \$1,000 less than other bids. The bids do not include a flatbed, tool boxes, etc. Edwards noted that the truck purchase had not been budgeted for this year, so, if purchased, money would have to come out of reserves, or through another Inter-Cap loan through the State. After discussion, Edwards recommended delaying the purchase until spring.

Director Peacock moved to go along with Manager Edwards' recommendation to delay purchase of an additional vehicle until spring. Director Meabon seconded the motion. Motion passed, 3 yea votes to 1 no vote, which was cast by Director Rothschiller. President Ogle did not vote.

SFE Audit:

Dutton reported on his audit of the Mountain Lodge and discovered that it has been billed at only .5 an SFE for sewer service since January 1, 1995. The billing should have been at 49.5 SFEs. Tax records for 1994, through the RID 305, showed the Mountain Lodge billed at 36.5 SFE. Dutton reported that legal counsel, John Brown, researched and advised that the District can bill up to one year in arrears from the date of notice. The owner will be notified by a hand-delivered letter with an invoice for \$13,329 for the back billing. The Board then discussed the need for a comprehensive SFE audit.

Director Ingraham moved to hire a firm to audit the SFE billing. Director Meabon seconded the motion. President Ogle called for discussion: Edwards suggested making the audit part of a proposal to develop a metering plan. Director Meabon requested legal information as to the rights of the District to conduct such an audit. President Ogle also requested that an audit procedure to anticipate the problems, and identify the cost so the District can assess the benefits of an audit. Director Meabon suggested setting specifications, making a proposal, and possibly going for bid. Motion carried, 4 yea votes to 0 no without President Ogle voting.

Director Meabon moved to prepare for an audit focusing on proper accounting, users, design capacity, design use, equity, legal issues, and methodology. Manager Edwards is to make a recommendation for the audit based on these criteria. Director Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes without President Ogle voting.

IAWP REPORT

Edwards provided a summary of the construction and engineering contracts and payments made to each through November 15. He reported that, overall, about 50% of the contract amounts have been paid out and that C&H Engineering is doing a little more engineering work on the underdrain system.

Williams Brothers/Filtration Treatment Plant: Edwards reported that based on Williams Brothers October 3, 1996, project schedule, the building is six weeks behind schedule, and the filter system is at least three weeks behind. Edwards noted that the primary reason for getting behind schedule appears to be due to the ongoing substitute filter submittal process.

Barry Curtis, Williams Brothers Project Superintendent, appeared on behalf of the contractor to discuss the substitute filter submittal. Mr. Curtis stated that the job was advertised with an "or equal" clause in the specifications. Williams Brothers submitted their bid with the Keystone system because it was \$150,000 cheaper and delivery time was quicker, estimated to be six weeks. Curtis said "we have no choice but to try to get the substitute approved" as we cannot afford the \$150,000 difference and the 26 weeks delivery time for the Microfloc system would cause too much of a delay. Curtis noted that Williams Brothers interprets "or equal" to mean equal in process. Williams Brothers is preparing another submittal of the Keystone system that they believe will meet the original specifications for components.

Ray Armstrong and Gary Simonich, representatives from MSE-HKM, reported that all of the submittals for a substitute filter system thus far have not met the specifications. MSE-HKM also noted that they still have not seen performance data for the substitute filter system. President Ogle stated that the Board will not tolerate further delays, and if Williams has another submittal to make that addresses all of the engineering concerns, to have the submittal to the engineer by Friday, November 22. Curtis said the next submittal is the best hope of Williams meeting the schedule.

MSE-HKM noted that if performance data for the substitute filter system is not supplied with the next submittal, the submittal will have to be denied. Curtis said the proposed substitute system is similar to those used in a water treatment plant and data for that type of plant use is available. MSE-HKM noted that a wastewater treatment system is significantly different than a water treatment plant and therefore, the performance data could not be compared.

The Board reminded Mr. Curtis of the contract deadline and the expectation that the contractor will finish by the contract date. If the contract is not met, the District could suffer damages. President Ogle noted the Board's concern of potential for \$25,000 per day penalties that could be assessed by the State Water Quality Division if the District fails to meet its schedule.

The Board requested that MSE-HKM send a letter to Williams Brothers if they do not have the submittal by Friday as requested by the Board.

Huppert Brothers/Golf Course Irrigation: A stop work order was issued to Huppert Brothers on November 8, 1996. The District has agreed to let Huppert Brothers perform certain activities— setting and wiring controllers and finishing the pump house, through the winter months if they choose to continue this work.

Change Orders:

VanDyke Construction/Storage Ponds: Change Order No. 4— A request for \$7,571.60 for the month of September 23 - October 23 for additional pump rental costs and miscellaneous items for the underdrain system. Edwards noted that another change order will be needed to cover the rental costs from October 24 through November 19.

Director Meabon moved to approve the change order for September 23 through October 23 for \$7,571.60. Director Rothschiller seconded the motion. Motion carried, 5 yeas to 0 nays with President Ogle voting.

Change Order No. 5— Van Dyke requested \$4,959.50 for additional material hauling costs for the underdrain system, and dozer work needed to dry the fill material hauled to the Big Sky Lumber gravel site.

Director Meabon moved to delete the costs associated with hauling for the underdrain system. Director Rothschiller seconded the motion. Motion carried, 5 yeas to 0 nays with President Ogle voting.

Director Meabon moved to accept VanDyke's request for the other items totaling \$3,600 contingent upon Edwards verifying the dozer time, and not to exceed \$3,600. Director Peacock seconded the motion. Motion carried, 5 yeas to 0 nays with President Ogle voting.

OPERATOR'S REPORT

District operators, Grant Burroughs and Jim Muscat reported that I & I work for the year was finished last week. Muscat gave a I & I summary report and reported on other operating data provided in the Board packet. Meabon and Ogle complimented Muscat and staff on the work done this summer. Edwards said the staff will put together a work plan for next spring and put bid specs together for work to be done next summer.

Director Rothschiller questioned the backfilling of sewer trenches in Aspen Groves with frost in the ground. President Ogle suggested that the Board may need to look at shortening the allowed construction season for sewer extension work— limiting work between November 15 and March 15.

WATER COMPANY TRANSFER REPORT

Edwards updated the Board on the issues related to the transfer of Lone Mountain Springs, including his November 8 meeting with Matt Williams. A follow-up summary prepared by Attorney Williams listing all necessary water rights and the corrective actions needed to correct these rights has been forwarded to LMS. President Ogle noted that the District should take all wells, to insure that they are properly abandoned. Edwards reported that Brad Stratton, American Land Title, is completing his review of the land holdings.

PILOT SNOWMAKING

Edwards gave a progress report on the pilot snowmaking project. A copy of the revised goals and objectives for the project were provided in the manager's report for Board review. Jeff White, Delta Engineering will be sending a sample contract and revised cost estimate. Edwards has a video on snowmaking that he would like the Board to view at a future meeting.

OTHER BUSINESS

Sewer Use Ordinance Amendment Issues: Edwards distributed the draft he and Mona Jamison have been working on. There are several minor amendments to the Ordinance that he is asking the Board to review and comment on.

Simkins Land Acquisition: Director Rothschiller asked if someone from the District plans on speaking to the BSOA board on Thursday regarding the Simkins land acquisition. Edwards said that he had explained the situation to the BSOA Board in August and informed the BSOA what the acquisition would mean for the District. Edwards noted that a Board member should probably appear this time for more effect. Director Meabon reported that BSOA gave the Simkins group a list of concerns to address at the last BSOA board meeting, and had not seen their response. President Ogle concurred that the Simkins need to respond to the BSOA concerns. Edwards said he asked the BSOA board to decide by January 1, 1997. Edwards said that Simkins have agreed to the price of the land based on an appraisal. Director Meabon asked Edwards to write a letter to the Simkins stating the District's offer of paying an appraised value, that the Ordinance language for reserved capacity stands, and that the agreement deadline is January 1, 1997.

Boyne Development Strategy: As requested, Edwards will write a comment to Nick Salmon on the Boyne development plan by Thursday. Board members are to contact Edwards if they have any comments that they wish to make. Director Meabon wanted to know if the plan meets the reallocation requirements of the Ordinance 96-1001.

EXECUTIVE SESSION


At 6:50 pm Director Meabon moved to go from regular session into executive session to discuss legal issues. Director Rothschiller seconded the motion. Director Meabon moved to go from executive session back into regular session at 9:00 pm. Director Rothschiller seconded the motion.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, December 3, 1996, at 3:00 pm in the BSOA office.

ADJOURNMENT

Director Meabon moved to adjourn the meeting at 9:00 pm. Director Rothschiller seconded the motion. Motion passed.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Special Meeting -- November 6, 1996, 3:00 pm
BSOA Conference Room**

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Wednesday, November 6, 1996, in the BSOA Conference Room. President Bill Ogle and Directors Dee Rothschilder, Harry Meabon and Skip Radick were present. Secretary Bill Neece and Directors Stewart Peacock and Wendell Ingraham were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Jim Muscat and Marlene Kennedy; and HKM Representatives Ray Armstrong and Jim Braley.

President Ogle called for public comment at 3:15 pm. There being no public comment, President Ogle called the meeting to order at 3:16 pm.

WATER COMPANY TRANSFER REPORT

Edwards reported that Mike Wheat filed for a 30-day extension from the court to extend the deadline for the final settlement agreement. The court granted the extension to December 1, 1996. A LMS financial report prepared by Marjorie Knaub and a memorandum of findings on LMS water rights prepared by Matthew Williams were provided in the manager's report. Williams has been requested to provide a summary of his findings. Edwards is still waiting for the final report on the findings of LMS land assets which is being prepared by American Land Title. Well locations were not surveyed in and the District may want to request Boyne to survey them.

Knaub's financial report was reviewed. The report did not turn up any other deficiencies in the LMS financials. Knaub noted that Anderson-Zurmuehlen was doing a good job. Board members questioned the following:

1. Silverbow receivable and asked that Knaub respond as to why LMS has not pursued it and has it really been written off.
2. Would the District be able to pursue the receivable once LMS is transferred.
3. Check on taxes--was a \$4,000 tax delinquency payment from LMS out of the operating funds.
4. Make sure there are no past tax liabilities.
5. Do tract charges include swimming pool charges and have these charges been approved by PSC.
6. Snowmaking revenue--when was the revenue/payment received and was any true cash given to LMS.
7. Does the accounting track the PSC order.

In Edwards opinion, the payables did not look too bad and they indicate the lien on the one parcel was paid. Dutton will evaluate the real value of the inventory. Edwards feels that much of the inventory has little value and the inventory must meet current code standards or be tossed out. The LMS debt is now secured by a CD with Boyne. President Ogle reminded the board members that this financial report is only a nine-month audit.

In regards to the water rights, Director Meabon and Edwards will meet with Matthew Williams and John Brown on Friday to discuss and condense the water rights document. In several cases, water rights have been revoked. Edwards noted that there are many

problems and it will take a significant effort to clean up the water rights. After meeting with Williams, Edwards expects to get a better understanding whether the problems can be fixed.

IAWP REPORT

Edwards reviewed the table in his manager's report that showed the amount paid and percent paid on each contract. The alternate change order for Huppert still needs to be reflected in the table. At this time, the District is well within budget. Additional inspector costs will be covered by the District under HKM's contract unless they get to the full amount of their contract.

Construction Report: Edwards reported on the engineers meeting of today, November 6, and progress each contractor has made on construction. Due to the weather, there has not been much activity.

Williams Brothers/Treatment Plant--Williams Brothers are one to two months behind their previously submitted schedule. Black & Veatch has reviewed the substitute filter system and sent their summary to MSE-HKM yesterday. The summary was handed out to the Board members at the meeting. Black & Veatch concluded that the substitute is not equal equipment. Armstrong will send a letter to Williams Brothers on Friday advising them that the substitute is not acceptable, a third party has reviewed it, and they only want to see the system MSE-HKM specified. It was noted that there is a \$200,000 difference in the systems. Director Meabon asked if Williams files a claim, is the District covered on its insurance. Board members wanted to know if the construction progress continues if Williams decides to challenge the rejection. Armstrong said Williams' work will continue. MSE-HKM will be encouraging Williams Brothers to keep the contract going. Edwards asked at what point are Williams in breach of their contract. Armstrong responded that the contract could be terminated, but the project would have to be rebid, causing a six month to one year delay. Williams Brothers will be liable for liquidated damages if the construction is not finished by the contract deadline. Armstrong reported that the building is coming in December. Inspector Braley said he would not write off that Williams won't meet their contract date--it is still possible.

Huppert Brothers/Golf Course Irrigation--It was noted that Boyne may want compensation on loss of revenues next spring if the course is not cleaned up. Inspector Braley is looking over Huppert's next pay request quite thoroughly. The District will request something in writing of what work needs to be done next year. Edwards did not advise the Board to release the retainage.

VanDyke Construction/Storage Ponds--VanDyke Construction may not get the permanent fencing done before winter sets in because top soil, grading and seeding must be done first and weather is not permitting the work to be done. A temporary fence will be put up.

Change Orders:

Williams Brothers/Treatment Plant--Submitted a change order request for \$16,375 to supply and install the pipeline, pump, and electrical service for the subdrain manhole.

Director Meabon moved to approve Williams change order for \$16,375 as submitted.

Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.

PILOT SNOWMAKING

Edwards reported on his and Ray Armstrong's follow-up work on engineering and locating the pilot project. A site out of VanDyke's work area is being looked at. The project could cost as much as \$60,000, according to Jeff White's, Delta Engineering estimate. Armstrong said the system has been submitted to the State. Edwards will be working on a contract and cleaning up the documents. President Ogle requested that Edwards specifically identify what the District is going to do, noting goals and results of the system, firming up costs, and then formally submitting the project proposal to the State. When submitting the proposal the District will request the State that they specifically state changes that would be more productive and still meet their standards. The pilot snowmaking specifications will be finished on November 15. Edwards will establish a schedule for operating and determine the potential noise impact. The press and the public should also be notified of the project. Edwards suggested possible line items that funding could come from and recommended taking the expenses out of long-term compliance work plan line item.

Director Radick moved to allow the use of LTCWP funds, as recommended by Edwards, up to \$70,000 for the snowmaking pilot project. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.

OTHER BUSINESS

Sewer Use Ordinance Amendment Issues: Edwards discussed the criteria for reallocating exempt SFEs and suggested that the section be amended. Looking Glass and Pinewood Hills vacant lot owners have been sent certified letters saying any SFE fees paid would be credited towards their permit costs.

Reallocating Exempt SFEs From Parcels--Board members discussed whether an exemption would transfer if it is was a single-family residential to single-family residential transfer and whether SFE fees paid on vacant lots should refunded or applied as a credit to sewer permits. Director Meabon noted that the intent of the .5 SFE sewer fees were only applied/charged where a sewer line went by a residential lot and the sewer line was available for connection. Edwards suggesting refunding past payments and then there is nothing to track. Edwards reviewed the paid sewer fees table Bill Dutton prepared. In the table, Dutton took two vacant lots and tracked their payments over the 21 year (1975-1996) period. Only \$937.70 has been paid on the lots, with interest rate plus inflation the amount would be considerably higher. When verbally polled, Board members agreed that where lot owners have been paying since day one, there is no impact fee to hookup, with the exception of the credit with Pinewood and Looking Glass vacant lots. For tracts that have only been charged .5 SFE, Board members want this amount refunded and full impact fees charged.

Director Radick moved to take any SFE payment made in the last five years on tracts to be refunded back to the tract owner with the understanding that no SFE in that tract are exempt from the impact fee. Director Meabon seconded the motion. Motion passed, 4 yea to 0 no votes with President Ogle voting.

Sewer Extension Draft Agreement: Director Meabon and Edwards will meet with John Brown on Friday to work on the sewer extension draft agreement, a copy of which was included in the board packet.

Computer Aided Design (CAD) Maps: Edwards has a proposal to map the sewer system that is tied into ArcView and would like to do a pilot mapping project starting on a small scale, using Westfork Meadows. He explained what would be produced by mapping using a Global Positioning Satellite (GPS) and it would be done renting university equipment. The software is approximately \$1,200 to \$2,000. The Board agreed to Edwards spending up to \$2,000 on this project.

LTCWP: Edwards responded to questions from the Board. In this fiscal year, there will not be any need for additional engineering.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, November 19, 1996, at 3:00 pm in the BSOA office.

ADJOURNMENT

Director Rothschiller moved to adjourn the meeting at 5:30 pm. Director Radick seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.


W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

Regular Meeting -- October 24, 1996, 3:00 pm
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 held their regular meeting on Thursday, October 24, 1996 at 3:00 pm in the BSOA Conference Room. President Bill Ogle and Directors Dee Rothschiller (left at 5:45 pm), Harry Meabon, Wendell Ingraham (arrived at 3:25 pm), Skip Radick, and Stewart Peacock (arrived at 4:15 pm) were present. Secretary Bill Neece was not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Marlene Kennedy and Jim Muscat; legal counsel John Brown and Matt Williams; and HKM Inspector Jim Braley.

President Ogle called for public comment at 3:15 pm. There being no public comment President Ogle called the meeting to order at 3:17 pm.

APPROVAL OF MINUTES

The minutes of the October 8, 1996, Special Meeting were reviewed and approved as corrected. *Director Meabon moved to approve the October 8 minutes as corrected. Director Rothschiller seconded the motion. Motion carried, 4 yea votes to 0 no votes. President Ogle did not vote. Director Peacock was not present for this vote.*

Director Meabon moved to modify the agenda, switching items III and IV. Director Radick seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ogle voting.

WATER COMPANY TRANSFER REPORT

Edwards brought the Board up to date on the meetings and findings from various professionals that have been working on land, water rights and financial issues of the Lone Mountain Springs (LMS) water company transfer. Dutton has done an inventory of assets with one room in the mountain mall left to inventory. Marjorie Knaub is working on a financial report and will have her report by next Monday or Tuesday of next week. Matt Williams has been working on water rights issues. John Brown has been working with American Land Title (ALT) on land title and the Public Service Commission (PSC) and rebates. Mona Jamison submitted a legal that a public referendum is not necessary for the transfer. Edwards will inspect LMS documents at LMS office for any existing agreements or commitments. Grizzly Flats is the only commitment outside of the District. Steve Barrett is working on the final settlement agreement, which the District has not yet received.

John Brown reported on the land and PSC information and the deadline of October 31 in regards to the status conference. Water company assets, the rate case water rights, and property lines were all addressed in the case. Brown is treating this transfer as if the District were buying the company, demanding a clean title. The only thing in LMS name is the 2-acre parcel (Section 25 T6S R3E) noted in the LMS report and it has a lien filed against it. In 1976, most of the water company land and assets were deeded to Big Sky of Montana Realty Inc. In 1977, Big Sky of Montana Realty Inc. deeded assets to Lone Peak Inc., which were later absorbed by Boyne. There is a question whether the lines and tanks are where they are supposed to be. Brown reported that Barrett, Boyne's attorney, feels that all the assets can be transferred. Brown asked Brad

Stratton, ALT, if the District could get title insurance. Brown noted that someone should survey and map out the system. Brown said a quiet title action may have to be done to be sure the title is clear. The land is problematic and Brown doesn't know how clouded it will ultimately be. He doesn't know if an underwriter can be found to provide title insurance. Only one deed exists in the name of Lone Mountain Springs Inc., but ALT will try to identify who owns them. All problems were identified in the 1994 rate case.

Boyne plans to run all the assets through Boyne first, and then Boyne will sign the transfer documents. If descriptions cannot be found, President Ogle asked if it would be possible to survey the structures, weather providing. Structures may not even be located on the land that is being deeded. Edwards commented that many of the "as built" drawings are inaccurate. The board recommended Boyne have all land and structure assets surveyed, identify registered easements--Brown will go to Barrett with a list of items that need addressed. Brown will talk with ALT about identifying what if anything can be insured. Parcel and structure mapping, and general language on the easements all needs to be done at Boyne's expense. Hidden Village tank ownership was questioned, along with the Westfork system particularly if the transfer to LMS had been recorded.

The District will have to apply to PSC for this LMS transfer. There may be a way to minimize the rebate required by PSC's order and Brown will look into this liability. The October 31 deadline may need to be extended. Documents for the transfer can be written with certain conditions to be met through the settlement agreement and a transfer agreement. Brown is to work closely with ALT to identify all structures, land, easements approach is appropriate, come up with a legally supportable plan to identify the assets that could be put into a settlement document and inform Barrett that surveys need to be done.

Matt Williams, a water rights attorney from Williams, Jett and Dokins reported that the document outlining the legal validity of LMS water rights will be provided early next week. Nearly a third of the rights do not exist. Williams noted that there are issues about adequacy of water supply that should be considered. He has a problem identifying if the water is actually being used as documents state. Drinking water quality is also an issue, with civil and criminal penalties if qualities are not met. Williams recommended the District look into this.

The Directors want to know what is the status of the wells they will transfer to the District. Water rights are a deed issue and it appears as if Boyne/Big Sky owns everything. Williams will give a copy of the list of what is there and will note the deformities on his report early next week. Williams said problems are correctable following the proper process. Director Meabon asked if the District should apply for water rights for beneficial use for sewer effluent, taking into consideration I&I, being creative in the application--making snow, irrigation, etc. Williams will look into it.

Brown said the Board will be brought up to speed on what information Matt Williams provides, and on the issues Barrett needs to address.

LAND SWAP

Edwards and Brown explained the deeds and plats that the District is signing into for the Bing land swap and Brown read the easement language. President Ogle then signed the Quit Claim Deed and Plats. The deed from Meadow Center Inc, allows Bing to sign on behalf of Meadow Center Inc.

As part of the settlement Director Meabon wants Boyne to toss in the sliver of land along Little Coyote, Brown will look into it getting in the transfer documents.

FINANCIAL REPORT

Bill Dutton reviewed the September financial reports provided in the Board packet, stating that a written narrative was added for variances. On the Balance Sheet, the contractor retainage accounts are set up under the contractors Federal ID tax number. An extra aerator would be under plant assets. SRF accrued in liabilities will be updated monthly. In the Budget Versus Actual Report, Dutton responded to a question about the 5% increase in SFEs saying there have been some adjustment to SFEs and he plans on doing some inspections to calculate SFEs, particularly the new construction at the Mountain Village. Fees received on impact fees have been protested. Bills currently being accrued for water company transfer expenses will eventually be broken out. Dutton has started booking all inventory sewer repair supplies as of September 30. The third quarter sewer bills were mailed on October 7.

OPERATOR'S REPORT

Flow reports were handed out and reviewed by Jim Muscat. The operators are considering swapping the OCM2 with the OCM3 on the mountain flume to see if flow volumes are comparable. When using the OCM3 values seem to indicate there may be a problem with the OCM2 meter. We know of no one that proves meters. The OCM3 cost was about \$2,500. Edwards recommended repairing the OCM2, the District may be able to recoup the repair cost through insurance if the damage was lightening caused, which is what the operators think happened. The pond capacity looks good going into the winter season.

Snowcrest has laid about 200 feet of pipe but is not tied into the system. A water line is apparently in the way--they have halted until the water main line situation is addressed.

Aspen Groves has just started their sewer but are not tied in. Aspen has a slight change where they tie into the manhole.

Cascade has not responded to the District on the punch list items. For upper Cascade, the Board directed Edwards to personally notify the owners who have applied for permits that the they won't be allowed to connect to the system until final acceptance of the Cascade system.

Southfork punch list items need to be inspected by Burroughs for completion. The transfer documents for the Southfork system are being prepared.

The outfall line has been videoed. Muscat said in past inspections the operators thought the line was in good shape. Upon recent digging, linear cracks 100'-150' are showing up. The operators would like to video in March or April, if they can get in there. Once the cracks are identified, the District needs to look at how money can be generated (maybe another resort tax application) to replace and repair this approximately 4 mile area. They have not found any pipe bedding at any of the areas that have been dug and there are definitely problems in this area. Maybe a materials study should be done, should the District use 18" pipe & what kind. Take a flow and gradient from man-hole to man-hole and come up with a estimate to fix up. Muscat has walked the outfall line and doesn't believe there is an immediate need to fix it, but there are problems with the line and the problems do need to be addressed.

Sewer Backup. On October 19, the District received a complaint that the sewer line at Pape's house on Little Coyote and Two Moons was plugged and backing up into their home. Jim Muscat reported that the lateral service was installed on October 23 and Pape now has service on the new line.

IAWP REPORT

The manager's report provided tables which listed engineer and contractor contracts, payments to date, % paid and retainage.

Construction Report: Edwards reported on the progress each contractor has made on construction.

Williams Brothers/Filtration Treatment Plant--

Braley reported on the review process of the substitute filter system that Williams Brothers submitted. The way he understands the contracts the engineer can reject it if it is not equal. Braley noted that HKM does not want the Big Sky system to be a guinea pig for an unproven system. Legally and contractually, MSE-HKM doesn't feel they have enough to reject the substitute system at this time. The substitute system will be forwarded to Black and Veatch for their review. President Ogle said it is not the District's job to make sure the contractor meets all specifications of the contract, it is MSE-HKMs. He expressed much concern over the delays that this review was causing to the construction schedule. The Board asked Braley to tell MSE-HKM/Ray Armstrong they need to set a tight submittal schedule to meet deadlines and to stick to it. The review process for substitutes does not release Williams Brothers from their finish deadline of March 27, and Williams Brothers has to pay for all engineering costs for the review of the proposed substitute system. Braley and Edwards will have a conference call tomorrow to HKM.

Williams Brothers should finish pouring the concrete slab this week or early next week. There will be a change order for the trenching to the under pond drain system for handling the groundwater with a 4" line. The change order is for \$16,000 and it is only temporary to get us through the winter, eventually having a gravity flow system to the northeast side. The bypass will allow pumping back into pond #1 if a situation arises. The change order will probably be ready to be presented at the next meeting.

Huppert Brothers/Golf Course Irrigation--

Inspector Jim Braley suggested putting a notice in the paper that ditches are open and it is unsafe to be on the golf course. The contractor should be noticed that open ditches must be roped off and marked as closed. Technically, not everything is done according to contract deadlines. The Board needs to decide if they want to go after liquidated damages. Edwards provided a list of items still needing completion next spring. Using the stop work order doesn't prevent them from working, Huppert would only have to notify the District they intend to work if the weather breaks. The Board recommended issuing a stop order to notify Huppert.

Director Meabon moved to notify the contractor by registered letter that the District does not intend to collect liquidated damages for the period between stop order issuance and a start order issuance. And further, the district would not count those days as contract work days. Ingraham seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ogle voting. Edwards will notify contractor by registered letter.

Edwards reported that an irrigation mainline leak was detected, the problem was investigated and found.

Change Orders:

Huppert Brothers/Golf Course Irrigation--Change order No. 4, in the amount of \$1,900, for an extension to the horse pasture irrigation system was signed by Edwards and forwarded to DEQ for approval.

OTHER BUSINESS

Pilot Snowmaking

Edwards reported on the meeting he and Ray Armstrong had with State officials in Helena in regards to snowmaking.

District Insurance

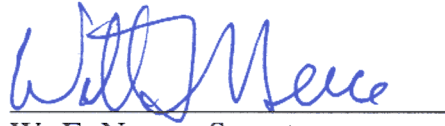
Edwards asked the Board to take a look at the insurance information provided in the packet. A call to First West regarding coverage for sewer backing up in District lines, i.e. Pape's, discovered it is not on our current policy. Edwards recommended that we have this type of coverage, plus the other coverage noted in First West's report. The District will ask for a quote on all the areas talked about.

NEXT MEETING

The next Board meeting is tentatively scheduled for Wednesday, November 6, 1996, at 3:00 pm in the BSOA office.

ADJOURNMENT

Director Meabon moved to adjourn the meeting at 7:00 pm. President Ogle seconded the motion. Motion passed, 5 yea votes to 0 no votes.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS

Date: November 19, 1996

The Board of Directors at its November 19, 1996 board meeting reviewed and accepted the BSWSD #363 financial statements as follows (amounts are rounded to the nearest dollar):

1. Statement of Condition as of 9-30-96

• Assets: \$ 5,280,372.00

• Liabilities: \$ 2,610,015.00

• Equity: \$ 2,670,357.00

2. Income Statement as of 9-30-96

• Operating Revenue \$ 186,725.00

• Non-Oper Revenue \$ 520,608.00

• Operating Expenses \$ 53,166.00

• Non-Oper Expenses \$ 519,114.00

• Net Revenue \$ 135,053.00


Board Chair

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT. 59716

PHONE: (406)995-2660 FAX: (406)995-3053

ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS

Date: November 19, 1996

The Board of Directors at its November 19, 1996 board meeting reviewed and accepted the BSWSD #363 financial statements as follows (amounts are rounded to the nearest dollar):

1 Statement of Condition as of 10-31-96

• Assets: \$ 5,670,219.00

• Liabilities: \$ 3,018,722.00

• Equity: \$ 2,651,497.00

2. Income Statement as of 10-31-96

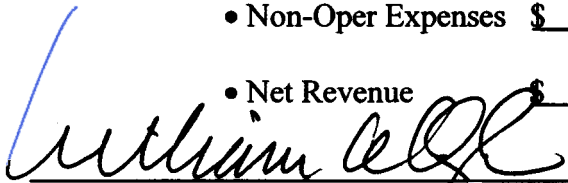
• Operating Revenue \$ 17,914.00

• Non-Oper Revenue \$ 438,812.00

• Operating Expenses \$ 47,022.00

• Non-Oper Expenses \$ 443,970.00

• Net Revenue \$ (34,265.00)



Board Chair

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Special Meeting -- October 8, 1996, 3:00 pm
BSOA Conference Room**

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Tuesday, October 8, 1996, in the BSOA Conference Room. President Bill Ogle, Secretary Bill Neece (arrived at 4:00 pm), and Directors Dee Rothschiller, Stewart Peacock (arrived at 4:07 pm) and Wendell Ingraham were present. Directors Skip Radick and Harry Meabon were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, and Marlene Kennedy; Lone Peak Lookout writer Ann Snieciński; MSE-HKM representatives Ray Armstrong and Jim Braley; and Meadow Center Inc. representative JoDean Bing.

Without a quorum, President Ogle called for public comment at 3:20 pm stating that any items needing Board action will be considered for a motion once a quorum is established. A quorum was established at 4:00 pm.

PUBLIC FORUM

JoDean Bing submitted a letter to the Board which asked for unconditional approval on the permit request for Meadow Center Inc., Lot 1, Minor Subdivision 91. Bing said they have complied with the requirements in the Board's conditional approval. Edwards reported that Bing's permit was conditionally approved in August, requiring written approvals from other land owners in the Meadow Center (Boyne and Reichstetter). A letter of approval from Brian Wheeler of Boyne has already been received. Craig Reichstetter, even though he is not yet the owner of the Country Store, will write a letter. When questioned about a PUD, Bing responded that there is no PUD. When Reichstetter's letter is received, Edwards said he will let Bing know that the permit will be issued once all the fees are paid. Bing said the fees will be paid under protest but she did not know why they were protesting the fees other than the cost.

Director Neece moved to approve the request from Bing for the District to issue a permit to Meadow Center Inc. once all the fees have been paid. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes. President Ogle did not vote.

With no further public comment, President Ogle called the meeting to order at 3:30 pm.

APPROVAL OF MINUTES

The minutes of the September 24, 1996, Regular Meeting were reviewed and approved as corrected. *Director Rothschiller moved to approve the September 24 minutes. Director Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes. President Ogle did not vote.*

FINANCIAL REPORT

Bill Dutton reported that the second resort tax submittal for I & I work amounts to \$72,960.92 and, per Mike Richards, all draw requests require Board action. Of the \$216,291 total resort tax allowance, \$77,314.47 remains.

Director Rothschiller moved to authorize Financial Officer Bill Dutton to submit a resort tax request for disbursement of \$72,960.92 and to attach a copy of the minutes of this meeting. Director Peacock seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.

OPERATOR'S REPORT

Edwards reported that a fiber optic cable on the mountain was dug up yesterday (10/07/96). The locate was not thoroughly marked, making it impossible to miss.

Grant Burroughs gave a brief report on plant flows, handing out a chart which showed usage. The flume in the Meadow was lost and replaced with an OCM3. In regards to the groundwater from pond #3, C&H will look into filling it about ½ to ¾ full. In regards to the new sewer extensions Burroughs punch listed, he reported the following:

Blue Grouse and South Fork Subdivisions are ready to be accepted and Mike Wheat's office is working on a document to complete the transfer.

Cascade Subdivision still has a lot of work to do on the punch list and is still waiting for approval from the State for the extension. The list includes two manholes that are totally out of compliance and there are also problems with a couple more. Director Neece reported that Bozeman Sand & Gravel has until October 16, 1996, to respond to Boyne on the list.

IAWP REPORT

Construction Report:

Edwards reported on Todd Teegarden's second field inspection conducted on September 24 and the progress each contractor has made on construction. Edwards received the report on October 7 and everything looks fine with the exception that paper work for one subcontractor needs to be submitted to the State.

In his manager's report, Edwards provided a table which listed engineering contracts and payments made to each contractor. About 33% of all contracts are paid to date.

Williams Brothers/Filtration Treatment Plant--They are approximately 1 week ahead of current schedule to start-up February 19, 1997. Ray Armstrong updated the Board on the substitution request. HKM will reject William's submittal stating 4-5 specific items

and reasons for the rejection. The flaws are process wise that HKM does not want in the plant. It is very clear in the contract that it is the engineers discretion and Ray anticipates the contractor will say they bid with substitution. The supplier will probably need 1 to 1½ months lead time for manufacturing and doesn't know how Williams plans on compensating for this. The Board is relying on MSE-HKM to make sure the plant is on schedule. The shop drawing on the color schemes were received and outside input made a need for changes in colors. The roof color will be bronze and rocky mountain rose was selected for the panels. Board members did not see any problems with the color changes.

Huppert Brothers/Golf Course Irrigation--The mainline is 1½ weeks ahead of schedule, close to 100% complete; and laterals and pump house work are 1 week behind schedule. The golf course shut down for the season on September 29 so the whole course has been available. The pump house foundation and concrete walls have been poured and the pump skid and computer have been delivered. The pump house structure has a couple of weeks before completion. Mainlines have been flushed and checked for leaks. The irrigation pump went down last night and an electrician is arriving tomorrow to fix it.

Huppert's bid on the project included base bid items 3-8 in the alternate bid rather than in the lump sum bid. These base bid defined items provide the capability for future expansion of the irrigation system. None of these items were selected at the time of the bid award. The contractor does not believe that he is responsible to install them as part of the base bid because he did not figure these items into his bid. This error was discovered during inspection when the contract work was not being completed as stated.

The contract calls for arbitration between the owner and contractor for any contract disputes. The engineers feel that the District would not get a windfall if this went to arbitration. Fred wants to extend the contract for an additional 3 weeks next year if given the approval from the District for the alternate base bid items. In anticipation of cooperatively resolving this problem, Huppert has been installing some the alternate base bid items where it is convenient to do so. Inspector Jim Braley's analysis and notes on this issue were provided in the manager's report. Braley reported that his discussion with Huppert today concluded with a bid of \$67,950 including items 3-8 as described in the base bid document. Edwards recommended a change order to the contract to approve this.

Director Rothschiller moved to approve the additional alternate items 3-8, adding \$147,000 to the base bid and grant a 3-week extension, as long it doesn't affect completion of the original contract. Director Ingraham seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.

Braley said that coverage is a problem in a few areas. Carl Thueson will be here Monday to review this and there is a possibility of reusing salvaged heads. No Board members had a problem with exploring this.

VanDyke Construction/Storage Ponds--Northwest Geotextile Inc. finished laying the liner and conducted its final walk through inspection on 10/05/96. The contractor and engineer will certify that the pond is acceptable and ready to be filled. The start up was on Saturday and it was videod with filling starting at 4:00 pm on Saturday. VanDyke reported to Edwards that as far as he is concerned, the pond is done. To get a head start on the work remaining for next year, VanDyke plans to continue working on storage pond #1 as long as the weather permits. Embankments, excavation and several test holes to the plan's excavation depth is planned. Items needing completion before the cold weather sets in include: pond banks, fencing around Edelweiss, cleaning up area, and safety devices installed. Edwards requested that the Board approve Lund's Lawn to do some landscaping around Edelweiss. All Board members agreed to getting this area cleaned up.

Ron reported that there is a leak near the lagoon and staff will have it videod to find the leak. VanDyke will be contacted to work on cleanup. If there is not money through SRF/Teegarden, Edwards will take the expenses out of the district budget.

C&H determined actual embankment and excavated material for pond #3 may exceed the original engineers estimate by 5-10%. However, no payment adjustment will be made to the contractor for additional unit quantities until after pond #1 is completed next year. The compensation will be \$1.25 per cubic yard for overages.

Representatives of the Division of Dam Safety conducted a site visit on September 26, inspecting the embankments for storage pond #3 and the embanking that VanDyke has started on storage pond #1. They reiterated that storage pond #3 embanking must be built according to the 6" minus specification shown in the design document. They indicated they will write a follow-up letter summarizing their field investigation.

Change Orders:

VanDyke Construction/Storage Ponds--Edwards reported that Change Order No. 3 in the amount of \$7,735.36 for rental costs for the groundwater drain system diesel powered pump is being requested as part of their next payment request. The rental costs of the pump were not figured into the original change order for the drain system. Edwards recommended approving the rental costs because VanDyke did a good job, and this is a one time deal with any additional rental costs being VanDyke's responsibility.

Edwards reported that the District will have to manage this groundwater until pond #1 is done next year and then gravity will take care of groundwater. Additionally, anything done this year is only an interim measure, and piping and pump costs will be \$5,000-\$7,000. From President Ogle's standpoint, he wants to see the pond pumping to continue so there is no groundwater below the liner since no one really knows what would happen.

Director Neece moved to approve the change order for \$7,735.36 for VanDyke Construction. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes. President Ogle did not vote.

NORTH FORK CREEK REALLOCATION

Edwards handed out a letter from Brian Wheeler that specified the reallocations Boyne is requesting. Brian Wheeler asked if SFEs that were exempt from impact fees were transferred to non-exempt property would the exemption also transfer. Edwards said that Table 3.0-1 would need to be adjusted to reflect the reallocations. Edwards needs to respond to the State saying the district doesn't see this reallocation of capacity as a problem. The District's approval of the SFE reallocation is necessary for the State to approve the North Fork Creek Subdivision. Items 2 and 3 in the letter were questioned as they both reallocate from Tract 2, Sweetgrass Hills Subdivision. The directors would like to see a map that identifies these areas. Edwards will have to verify service costs and a procedure needs to be developed that details how these transfers should be done.

WATER COMPANY TRANSFER REPORT

Dutton and Tom Halpin, LMS Manager, will make an inventory list tomorrow (10/09/96). Edwards hopes to have the transfer done on December 1, 1996.

Director Rothschiller moved for LMS to retain a water rights specialists. Director Neece seconded the motion. Motion passed, 4 yea votes to 0 no votes. President Ogle did not vote.

OTHER BUSINESS

Truck Purchase: The operators feel a full size flat bed truck is a needed acquisition and proposed purchasing a 1992 truck owned by Walker Construction for \$13,500. Getting out of the lease is not fiscally recommended. The Board denied the request to purchase the diesel engine truck, stating a diesel may be unreliable for winter use. The Board recommended finding something used that is similar and have a specialized customized bed made that can be switched to another truck if this one wears out. Dutton reported that the lease on the District's Ford can be bought for \$11,300 and the District must pay for damages to the bed. Edwards said a line item for another truck is not in the budget and requested the Board for funding. The Board requested Bill Dutton to search out a cost and come up with a proposal that ties into the transfer of the water company.

Sewer Connection Permit Table: Per the Board's request at their September 24, 1996, meeting, Edwards provided a revised table that showed which applicants have paid their fees.

LeRoy Settlement: The revised document for the LeRoy/Grizzly Flats Commercial Center settlement agreement and release was discussed and approved.

Director Ingraham moved that the LeRoy settlement agreement document be signed. Director Peacock seconded the motion. Motion passed, 4 yea votes to 1 no vote which was cast by President Ogle.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, October 22, 1996, at 3:00 pm in the BSOA office.

ADJOURNMENT

Director Peacock moved to adjourn the meeting at 5:45 pm. Director Ingraham seconded the motion. Motion passed, 4 yea votes to 0 no votes. President Ogle did not vote.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- September 24, 1996, 3:00 pm
BSOA Conference Room**

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Tuesday, September 24, 1996, in the BSOA Conference Room. President Bill Ogle (left at 6:05), and Directors Dee Rothschilder, Stewart Peacock, Skip Radick (arrived at 3:35), Wendall Ingraham (left at 6:05) and Harry Meabon were present. Director Bill Neece was not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs and Marlene Kennedy; Lone Peak Lookout writer Ann Sniecinski; Marty Gagnon with Gaston Engineering; and two individuals from the public--Becky Pape and Jack Fontana.

President Ogle called for public comment at 3:13 pm.

MEMBERSHIP FORUM

Jack Fontana commented on the plan for the LMS transfer and capital improvements reviewed at the ad hoc BSOA committee meeting earlier in the day. He questioned the completion dates and order of priorities outlined in the draft proposal. Fontana wants the District to study the capital improvements before assuming responsibility of LMS. Edwards noted the plan Fontana referenced is a first draft for the BSOA ad hoc committee, and the Board had not seen the plan yet. After reading all the documents, Fontana doesn't know why the District wants LMS as a part of the settlement agreement with Boyne. He doesn't feel we will be gaining, but we will be losing and that the settlement agreement needs to be restudied.

Becky Pape noted four major concerns: 1) She strongly objects to the Simkins road easement going through the proposed BSOA park land and is not impressed with anything she has heard from Peter Jamar. Pape said the covenants say the owners must be balloted and, one way or the other, she will see to it that the owners are balloted. She is utterly distressed that this kind of plan was drawn using Peter Jamar, she felt it should have been done using local Big Sky residents as only they know what is needed and wanted. Short of Simkins giving the District the land it proposes to purchase from Simkins, Pape will "haunt" the District on any other proposals. 2) Pape noted that the Threlkeld study said that a well head protection program needs to be implemented and she believes that the shallow wells should be abandoned since the District will be spray irrigating. 3) Pape is concerned about the District acquiring LMS without knowing all of the costs and wants to see a preliminary price, she wants to know what the costs will be now because as a realtor, she needs to disclose these type of things to buyers. She said she rescinded her support because of the recent collapse of the water system. Edwards will prepare a ballpark figure for the WSD board to review and then for public presentation. 4) Pape said she has heard reports of drilling another shallow well and recommends exploring deep wells only. Edwards updated the Board that Tom Halpin, LMS Manager, asked Boyne to escrow the money instead of drilling proposed well no. 4 in the meadow area. 5) Pape told the Board if you're doing another study, make sure it is done by a qualified person—in reference to Dave Baldwin's proposal, a graduate student doing thesis work at Big Sky. 6) Pape asked for another study to be done of the fire/water situation.

With no further public comment, President Ogle called the meeting to order at 3:35 pm.

APPROVAL OF MINUTES OF JULY 16, 1996

Director Rothschiller recommended shortening future minutes.

The minutes of the September 10, 1996, Special Meeting were reviewed and approved as corrected. Director Rothschiller moved to approve the minutes. Director Peacock seconded the motion. Motion carried, 5 yeas votes to 0 no votes. President Ogle did not vote.

FINANCIAL REPORT

August Financial Report--Bill Dutton reviewed the August financial reports provided in the Board packet. In reviewing the Balance Sheet, it was noted that the Board needs to decide how much of the reserve account needs to be set aside for a specific use. President Ogle recommended addressing this subject at a future meeting with staff preparing a proposal for operating reserve and future capital improvement reserve.

Dutton explained that the receivable in resort tax included a portion received in September that was actually from the last fiscal year--about \$119,000.

In reviewing the income statement, the lack of permit income was noted with a suggestion that a timeline to pay for permits should be established. Edwards said the Board could amend the ordinance to include a deadline to pay impact and other fees. This issue will be addressed under another item on the agenda.

Accruing accounts payable for I & I was discussed. Only the bills incurred for that month need to be noted. President Ogle and Dutton will discuss I & I accounting work and the report format.

On legal expenses, Edwards reported that no progress has occurred on the Seypar legal issue--it has been almost a year.

In reviewing the "Budget Versus Actual" report, Edwards reported that all expenses incurred in the transfer of the water company will be accounted for separately and repaid to the sewer fund. The issue of leasing versus buying a snowmobile came up. This issue may be explored later as Director Ingraham feels a new snowmobile could be purchased for this leased amount.

President Ogle requested Edwards to comment on the legal and personnel overages. The legal includes the \$10,000 for the LeRoy settlement. The water shortage caused overtime expenses for District staff assistance given to LMS. Edwards will review past bills to see if other items are eligible for SRF reimbursement.

Overall, the Board is happy with the new format of the financial reports and thanked Bill Dutton for all his work. President Ogle requested Board members to review the budget report prior to the Board meeting and focus on budget variances at future meetings.

Director Meabon moved to accept the August Financial Statements. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes. President Ogle did not vote.

Commercial Insurance Liability Policy--Dick Monahan, First West Inc., was invited to the Board meeting to report on District insurance coverage and the premium renewal notice. Monahan reported that the commercial package policy is now \$9,065, for the policy term 08/11/96 to 08/11/97 underwritten by the Northwestern National Insurance company. Director Ingraham recommended a higher deductible than \$250 and that the policy does not cover equipment break down, however, Edwards noted that the new equipment will have a one-year warranty so equipment coverage may not be needed until after the warranty period. Monahan recommended coverage even though things are under warranty. Director Ingraham suggested getting a quote on earthquake, pollution, and equipment break down coverage. Monahan noted that construction coverage is not a problem. Monahan requested immediate notification as new equipment arrives so it can be added to the policy base. Director Ingraham suggested getting quotes for workman's comp coverage with other carriers to save money. Errors & Omissions coverage is not on this policy because current and past board members are personally indemnified through past board action to be verified in past minutes (around 1993). WSD legal counsel may need to be contacted to draft language to indemnify board members.

Monahan will follow-up by sending a fact sheet for possible sources for pollution claim coverage, identify the liability affecting the members of the board, provide a quote for professional liability coverage, provide a quote with \$1,000 deductible, add liability coverage for the snowmobile lease, provide a history of claims, and include a quote for earthquake coverage. Monahan is to advise the Board of any gaps he sees and address these issues at a future meeting.

OPERATOR'S REPORT--Grant Burroughs

Sewer Extensions--Burroughs sent letters with a punch list of items that need to be done before accepting the new sewer extensions. Burroughs reported on the following:

Southfork/Blue Grouse—sewer extension needs a few manhole tar rings.

Cascade--a few manholes are out of compliance and as-builts have not been received. Director Meabon questioned if the 28 new lots are in the blocks already designated--Boyne has these lots included in the original blocks. Meabon would like it defined if these lots are included in the original Cascade Subdivision plat and therefore a legal obligation. Burroughs will check old (4-5 years ago) Cascade plans to define the number of original lots. Cascade still does not have approval from the State.

North Fork Creek--Edwards reported that Boyne will soon request a reallocation of SFE's for the North Fork Creek subdivision.

Manholes--To address the Board concerns of cooking grease being put in manholes at the Mountain Village, staff was directed to post notices, send letters to all food businesses and put a notice in the LPL that this is not allowed. Burroughs plans on putting locking manhole lids on 7-8 manholes.

Report on Flows--Staff will take LMS flow data and compare with District flow data and report to the Board at a future meeting.

Water Testing--Continued as business as usual.

Safety--The Board discussed the need for a safety policy. Edwards responded that municipalities must operate by OSHA standards for confined space entry. The District will obtain canned safety manuals and then develop a safety program for employees. Ogle will share his safety videos with the District and provide a list of possible vendors for purchasing a canned safety program.

Changes in Operation--President Ogle recommended that operators Burroughs and Muscat identify what operations will be impacted, particularly winter operations, with all the new construction changes (completed or not) that are occurring.

Above ground laterals must be stacked in the winter if they interfere with the cross-country ski trails.

IAWP REPORT

Construction Report: Edwards gave a brief construction report and reported on Todd Teegarden's inspection.

Williams Brothers/Filtration Treatment Plant--Contractor is ahead of schedule. Footings will be poured today and the new building should be started the third or fourth week of October. The Directors discussed the substitute filtration system Per Williams Brothers correspondence to HKM and questioned why an alternate filtration system is even being discussed. The Board expressed concern with this delaying the construction. Edwards was directed to send a letter to the engineers stating a timeline to consider this alternate and holding them responsible.

Huppert Brothers/Golf Course Irrigation--Huppert is getting back on their schedule. If the weather holds, they should be able to finish all pipe work by the end of October. Due to a break in the line, they have not been able to irrigate on the golf course.

Van Dyke Construction/Storage Ponds--Contractor is ahead of schedule. Drain tile system works well. The lining is scheduled for installation later this week. C&H will survey the finished pond for as built drawings before filling it .

Change Orders:

Huppert Brothers/Golf Course Irrigation--Edwards noted that Huppert may request approximately \$2,500 for additional Maxi cable. The amount of additional Maxi cable needed has not been finalized, but the preliminary estimate is for an additional 15,000 feet.

Van Dyke Construction/Storage Pond Contract--A request for \$7,735.36 for costs related to pumping water from the drain system manhole to pond no. 1. Van Dyke submitted this change order, not the engineer, and change orders are to be completed by the engineer. Edwards recommended waiting on this change order.

SEWER CONNECTION PERMITS

In regards to the impact fee for the McRae application in Looking Glass, Director Meabon asked if there is a policy in place that takes care of employee liability in the event that an employee provides incorrect information to a property owner. Meabon and Edwards will discuss this and possibly come up with a policy.

Director Meabon requested that a new column for "permit fees paid" be added on the sewer connection permit table in the manager's report. Edwards will consider a Sewer Use Ordinance amendment to collect permit fees in a timely fashion.

A copy and summary of the three sewer connection permit applications to be reviewed by the Board were provided in the Board packet. Applications reviewed were:

1. **Starz/Southfork Phase I, Lot 18:** A request for 1.40 SFEs for residential, subject to \$5,600 in impact fees and \$750 connection/inspection fee and conditioned on Southfork receiving final acceptance of the sewer extension was approved by the Board. An approval letter from the architectural committee was submitted with the application.

Director Radick moved to approve the Starz sewer permit application as submitted and with fees and conditional requirement as noted by District staff. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes. Leaving at 6:05, President Ogle and Director Ingraham were not in attendance for this vote.

2. **Williams/Meadow Village, Lot 35, Block 3:** A request for 3.00 SFEs for residential, not subject to an impact fee but subject to \$750 connection/inspection fee and conditional on receiving final approval from Big Sky Architectural Committee, was approved by the Board.

Director Peacock moved to approve the Williams sewer permit application as submitted and with fee and conditional on architectural approval as noted by District staff. Director Radick seconded the motion. Motion passed, 3 yea votes to 1 no vote. Leaving at 6:05, President Ogle and Director Ingraham were not in attendance for this vote.

3. Swats/Sweetgrass Hills, Lot 30, Block 4: A request for 1.80 SFEs for residential, not subject to an impact fee but subject to \$750 connection/inspection fee and which has already received approval from the Big Sky Architectural Committee, received final approval by the Board.

Director Radick moved to approve the Swats sewer permit application as submitted and with fee as noted by District staff. Director Rothschiller seconded the motion. Motion passed, 4 yea to 0 no. Leaving at 6:05, President Ogle and Director Ingraham were not in attendance for this vote.

WATER COMPANY TRANSFER REPORT

Edwards reviewed the outline he prepared of tasks and timelines for the transfer of Lone Mountain Springs to the District. Additional legal assistance may be needed on the water rights issue. President Ogle requested Directors to let Edwards know of any items that are of concern to them and any changes to the transfer agreement.

OTHER TOPICS

Boyne Master Plan Presentation--WSD staff will attend the presentation scheduled for this Thursday and take notes for the Board.

LeRoy Settlement--Edwards gave a status report on the Grizzly Flats settlement negotiation. The LeRoy's asked for two changes to the agreement— 1) If their septic system fails due to the leaky ponds, they want any new owner to be able to connect to the District's system but subject to all applicable fees. 2) They agree to pay for water, from this point forward. The Board consented to these changes. Edwards will work with legal counsel, John Brown, to modify the agreement and bring it to the next board meeting.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, October 8, 1996, at 3:00 pm in the BSOA office.

ADJOURNMENT

Director Rothschiller moved to adjourn the meeting at 6:25 pm. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS

Date: September 24, 1996

The Board of Directors at its September 24, 1996 board meeting reviewed and accepted the BSWSD #363 financial statements as follows:

1 Statement of Condition as of 8-31-96

- Assets: \$ 4,429,045.07
- Liabilities: \$ 1,902,320.96
- Equity: \$ 2,526,724.11

2. Income Statement as of 8-31-96

- Operating Revenue \$ 4,800.63
- Non-Oper Revenue \$ 1,056,000.48
- Operating Expenses \$ 62,421.13
- Non-Oper Expenses \$ 1,062,653.48
- Net Revenue \$ (64,273.50)


Board Chair

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS

Date: September 10, 1996

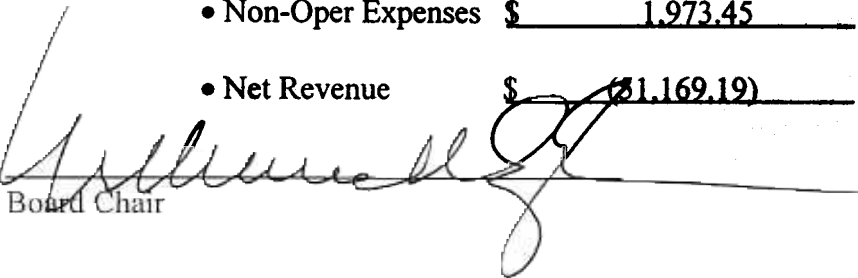
The Board of Directors at its September 10, 1996 board meeting reviewed and accepted the BSWSD #363 financial statements as follows:

1 Statement of Condition as of 7-31-96

- Assets: \$ 3,615,258.27
- Liabilities: \$ 1,024,260.66
- Equity: \$ 2,590,997.61

2. Income Statement as of 7-31-96

- Operating Revenue \$ 2,170.27
- Non-Oper Revenue \$ 0.00
- Operating Expenses \$ 51,366.01
- Non-Oper Expenses \$ 1,973.45
- Net Revenue \$ (51,169.19)


Board Chair

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Special Meeting -- September 10, 1996, 3:00 pm
BSOA Conference Room**

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Tuesday, September 10, 1996, in the BSOA Conference Room. President Bill Ogle, Secretary Bill Neece (arrived at 5:25), and Directors Dee Rothschilder, Skip Radick, Wendall Ingraham and Stewart Peacock (arrived at 3:21, left at 5:45) were present. Director Harry Meabon was not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Ann Sniecinski; MSE-HKM representative Ray Armstrong, MSE-HKM inspector Jim Braley, and Huppert Brothers representative Fred Huppert.

President Ogle called for public comment at 3:11 pm.

MEMBERSHIP FORUM

Ann Sniecinski asked the Board to consider modifying the agenda to address the water company transfer issue early in the meeting since she needed to leave by 5:30 pm.

With no further public comment, President Ogle called the meeting to order at 3:15 pm.

APPROVAL OF MINUTES

The minutes of the August 20, 1996, Regular Meeting were reviewed and approved as corrected. Director Rothschilder moved to approve the minutes. Director Radick seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ogle voting. Director Neece was not present for this vote.

FINANCIAL REPORT

Resort Tax Request--Bill Dutton requested that the Board move to approve submitting the next resort tax fund request totaling \$66,077.65.

Director Radick moved to approve the resort tax fund request in the amount of \$66,077.65. Director Ingraham seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ogle voting. Director Neece was not present for this vote.

July Financial Report--Bill Dutton reviewed a bill submitted by MSE-HKM on July 8, 1996, in the amount of \$17,094.82 for 10% retainage that was withheld from MSE-HKM invoices for the period of July-October, 1994. Dutton also recommended posting any amounts paid on the bill to the 1995/1996 fiscal year since the unknown expense was not budgeted for this fiscal year. President Ogle noted that the original HKM contract was modified to allow retainage when HKM transferred into MSE-HKM. The District was not aware that MSE-HKM was only billing at 90%, the retainage amount was not noted on any of the current invoices, and MSE-HKM had overlooked the retainage which is now two years old. The Directors discussed the responsibility of paying this bill that was let go for two years, acknowledging that no money was budgeted for this purpose.

Director Radick moved to authorize Ron Edwards to negotiate with MSE-HKM to pay only 50% of the bill. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ogle voting. Director Neece was not present for this vote. The Board also agreed to post any payment to the 1995/1996 fiscal year.

Bill Dutton reviewed the July financial reports provided in the Board packet. In reviewing the Balance Sheet of 07/31/96, Dutton noted that interest was not included in the SRF figure. The format for the Income Statement is new and provides for prior fiscal year comparisons. The depreciation figure shown will probably be increased due to capitalization of construction and fencing costs. The "Budget Versus Actual Expenses 1996/97" report shows a cumulative percent on a monthly comparison and the last column as a percent of the annual budget. Director Ogle requested that the income statement show all SRF expenditures and reimbursements.

Director Ingraham moved to accept the July Financial Statements, condition to the modification on the MSE-HKM retainage. Director Rothschiller seconded the motion. Motion carried, 5 yea votes to 0 no votes with President Ogle voting. Director Neece was not present for this vote.

Year End Delinquent Accounts--Edwards reported on Bill Dutton's efforts to place delinquent accounts totalling approximately \$4,000 on the applicable county tax roll for collection. Gallatin County attorney interpreted the statute to mean that the District Board must order the discontinuance of sewer service for all delinquent customer accounts before the county can collect through the tax rolls, consequently, the following motion was made.

Director Rothschiller moved to allow district administrators to order the discontinuance of service as needed to all accounts that were 90 days or more past due as of June 30, 1996, and subject to legal review. Any discontinuance of service must be approved by the Board prior to that discontinuance. Director Radick seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ogle voting. Director Neece was not present for this vote.

SRF Draw Requests--Dutton provided the figures for the following SRF draw requests, a copy of three of the requests were provided in the Board packet. Dutton is waiting for a revised payment request from Huppert Brothers.

C & H Engineering--requested \$27,092.67
MSE-HKM Engineering--requested \$42,708.70
Williams Brothers Construction--2 requests (\$60,239.00 + \$46,800.00)
totalling \$107,039.00
VanDyke Construction--requested \$152,808.43

Dutton will prepare the draw requests for signature and submission once they are all received.

MODIFY AGENDA

Director Peacock motioned to modify the agenda to address item VII, Water Company Transfer Report, next. Director Radick seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Ogle voting. Director Neece was not present for this vote.

WATER COMPANY TRANSFER

Edwards handed out a draft agreement prepared by Mike Wheat that transfers the Lone Mountain Springs Water Company to the District. He also reported on the water crisis of last week, stating that a significant leak was found near the BSOA pond and it was repaired and the tanks have been full since the repair.

President Ogle started out by asking the Board members if they still think acquiring the LMS through the settlement agreement should be done. President Ogle verbally polled all Board members, with all members responding "yes." President Ogle stated he is in favor of moving ahead in the settlement agreement and said the greatest disservice to the community would be to take no action. Director Ingraham relayed concerns from community members that were brought up at the BSOA annual meeting. President Ogle said the District will need to determine if they need assistance and the Board needs to continue its support to take the water company back, with easements and water rights being an issue. Radick suggested giving the responsibility of evaluating the system to LMS before the transfer occurs. Responding to Director Ingraham's concerns, Edwards updated the Board on Boyne's intention on improvements/modifications that were to take place—a new well no. 4 and new storage tank in Cascade. Edwards suggested escrowing the money Boyne would have paid for drilling well no. 4 instead of drilling the well as proposed. The Board summarized by stating that the transfer will continue to go forward and that the Board will not relinquish any developer's responsibilities in supplying water for new developments. Director Rothschilder suggested that board members review the draft document and then go over it line by line at a future meeting. There will not be a committee.

Ron Edwards and Grant Burroughs reviewed the charts of water production for August/September 1996 that were handed out to Board members. Explanations were provided for fluctuations in the chart. Edwards stated the fire department wants a plan to correct problems with the water system in place by October 4. Edwards said the County may hold up land use permits if the Fire Department cannot sign off for providing service. Director Ingraham said he has heard in the community "How can the District continue to issue sewer permits, allowing building, when we don't have adequate water to provide to existing structures."

Edwards reported on a meeting held September 9, 1996, of a committee formed to address the water problem-- a fallout from the Labor Day weekend crisis. Participants were Barrett, Stober, Pape, Edwards and Murdock. The main issues identified at the meeting included: emergency power situation, supply study, storage study (TDH), delivery system with fire protection in mind, water use, fire sprinklers in new buildings and water system maintenance program. Their next committee meeting has been scheduled for September 24.

OPERATOR'S REPORT

Sewer Extensions--Grant Burroughs reported on the following sewer extensions:

Snowcrest--Burroughs will write a letter outlining the District's extension conditions and approval. Ogle wanted to know if this sewer extension fit in with the master plan and to make sure they do it right. Burroughs was not sure with regards to the master plan but will follow up.

Upper Cascade--Burroughs sent a letter to Boyne 3 weeks ago outlining the District's concerns. They now have a proposal to service 28 additional lots that has not been accepted by the State because it has not been approved by the District. The State is waiting for the District's response. Boyne is basically extending a sewer main that has not been inspected or approved by the District. Edwards spoke to Boyne representative, Brian Wheeler to request as-built plans within two weeks to allow Burroughs to do an inspection. The Board concluded that if Boyne meets the demands of District staff to provide acceptable as-builts and fix the punch list items, then the Board will not have a problem with providing service. District staff will write a letter being very specific as to what the District will require prior to issuing approval.

Southfork/Blue Grouse--Burroughs reported on his walk through of the Southfork/Blue Grouse sewer extensions and reported on minor deficiencies— resetting manhole rings, missing tar strip seals, and cleaning up some debris in channels. District staff will send a letter noting punch-list items that need to be done prior to accepting the system.

Northfork Creek Subdivision--Burroughs noted several mistakes on the plans and that the developer will have to cross the road with both water and sewer and that this was not a recognized subdivision when the facility plan was put together. Boyne will have to reallocate capacity to this development before the District can amend Exhibit A (Table 3.0-1 of the facility plan) of the Sewer Use Ordinance to allow for this development to become a legal obligation of the District. Edwards reported that Boyne Attorney Steve Barrett is working on this. If the allocation process is set up properly and approved, no board members had any problems with serving Northfork Creek. Burroughs will meet with Gaston Engineering to address problems in the plans.

Outfall Line--Burroughs reported that the top section and outfall line was videoed, finding about four cracks that can be fixed. Outfall line is about five-six feet deep. It was discovered that somebody is dumping cooking grease in the manhole in front of the doctors office--Burroughs will install a locking lid on it.

New Connections--Edwards reported that inspections to new connections have begun.

IAWP REPORT

Construction Report: Edwards reported on the progress each contractor has made on construction.

Huppert Brothers/Golf Course Irrigation-- Fred Huppert, Huppert Brothers Construction reviewed his request for the \$35,000 change order for the housing saying it was in the bid as an addendum and he understood that the housing was available. However, he said he was told by Bill Neece at the pre-construction meeting that housing wouldn't be available until later. Consequently, Huppert made other housing arrangements and said he sent a letter to the District stating he would be making other arrangements. He is requesting the full amount since housing was not made available in a timely fashion. President Ogle verbally polled board members, each approved the \$35,000 change order request.

In regards to meeting the contract completion date, Huppert said he will be bringing in more equipment tomorrow and six to eight more workers on Monday. Huppert suggested that the District ask Boyne to allow his crew to work on nine holes at a time so all the equipment and manpower could be used efficiently which could possibly allow completion of the project if the weather holds. Inspector Jim Braley said the additional golf course needed to be made available if the project is to be finished on time. Braley said both he and Huppert were told by Doug Kremer that more holes could be closed after Labor Day because of lower use on the course but now that the course is busier than expected, Doug Kremer could not follow through with what they thought was a sincere offer. Huppert reported that the mainline is on schedule, but the fairways and pump house are behind schedule. The Board is concerned with the contractor finishing the job on time and will ask Boyne to allow more holes to be closed. The Board stipulated as a condition to closing more holes, Huppert Bros. Construction needs to make a significant showing and follow through commitments for additional equipment and manpower. Huppert said that because the end of the season is near, finish seeding and sod work will be delayed until Spring. The Board responded that everything must be done by the contract deadline except laying of the sod and reseeding. The Board discussed requiring a monetary condition if the project is not finished on time. Director Ingraham suggested getting something in return for helping out Huppert in the event that Boyne requests money for lost revenues. Edwards and Huppert will work together, meeting with Boyne (Kircher, Kremer, Neece— Director Neece will set up the meeting) to get additional holes approved by Boyne. Huppert made a verbal commitment that the manpower would be here on Monday. Huppert said that he will be working here in about 10 days, when he finishes another project, and will stay here to make sure that all of the pipe is laid. Whatever agreement is made, President Ogle wants it in writing. President Ogle stressed that usage of the irrigation system in the spring is essential for success of this project.

Ray Armstrong & Jim Braley/MSE-HKM--has budgeted 80 hours of additional time for an additional inspector at the request of the District Manager. Ray Armstrong noted that if the inspection time goes over the budgeted amount for construction management services as provided in the MSE-HKM contract then MSE-HKM will request reimbursement. The additional inspector will be here Thursday and follow along with Jim Braley for a few days. Armstrong said the requirements noted in Teegarden's report are being met.

Williams Brothers/Filtration Treatment Plant--Ray Armstrong reported on progress Williams Brothers has made on the treatment plant. Armstrong reported that Williams Brothers had submitted preliminary plans for a substitute filtration system and that Williams is responsible to pay all costs associated with MSE-HKM's engineering costs to review the substitute filtration system. Load testing of helical piles will occur this week. The shop drawings for the new treatment building have been approved with 145 pound snow load and a request was made to estimate a deduct if a 121 pound snow load roof specification is used. Armstrong does not feel the deduct will be enough difference to consider a change. Armstrong will send a copy of a recent change order to Edwards. Armstrong will write William Brothers a letter stating the urgency in getting the building construction done.

Van Dyke Construction/Storage Ponds--Edwards reported that Van Dyke's progress is good and they are basically on schedule. The liner crew is scheduled to start on September 23.

Exxon Sludge Complaints--Edwards reported on the complaints that were received concerning sludge being hauled off-site and deposited in a pond being land filled behind the Exxon station. Letters signed by the Van Dyke Construction and trucking company for Big Sky Lumber, A.W. Wells, have been received stating that no sludge was hauled to Exxon by any of their trucks. These letters were included in the Board packet. Edwards reported that excess material that could have been mistaken for sludge had been hauled by a sub-contractor working on the sewer repairs being made along Little Coyote road. The District does not direct any sub-contractor on where to take the excess material. An enforcement officer from the State of Montana had investigated the complaint and as far as they were concerned the material at the Exxon was not sludge. Edwards informed the Board that a Mr. Walter Ainsworth had contacted him and had threatened to take legal action and the Board should be aware of the issue.

SEWER CONNECTION PERMITS

Edwards reported that the Meadow Center Addition (1994) impact fee was calculated at \$1,346.60 using the \$2,500.00 flat fee historically charged at the time the addition was constructed and applying the accumulated sewer user fees collected (\$1,153.40 paid through June 30, 1996) as a credit. All Board members verbally agreed to assess the impact fee per staff recommendation.

A copy and summary of the sewer connection permit applications to be reviewed by the Board were provided in the board packet. Applications reviewed were:

1. Guy/Cascade, Lot 45, Blk 1: A request for 2.00 SFEs for residential, not subject to impact fees but subject to the \$750 connection/inspection fee and conditioned on receiving approval from Big Sky Architectural Committee, was approved by the Board.

2. Cronin/South Fork Phase I, Lot 12: A request for 1.40 SFEs for residential, subject to a \$5,600 impact fees and \$750 connection/inspection fee and conditioned on South Fork architectural approval and final acceptance of the Southfork sewer extension, was approved by the Board.
3. Brooks/Cascade, Lot 43, Blk 1: A request for 2.40 SFEs for residential, not subject to impact fees but subject to the \$1500 for two connection/inspection fees and conditioned on receiving approval from the Big Sky Architectural Committee, was approved by the Board.

Director Rothschiller moved to approve the sewer permit applications for Guy, Cronin, Brooks and Meadow Center Addition as recommended by Edwards, noting the applicable fees and conditional requirements. Director Neece seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ogle voting. Director Peacock was not present for this vote, leaving at 5:45.

OTHER BUSINESS

Looking Glass/Pinewood Hills Impact Fees--Edwards reported on Bill Dutton's findings on the sewer user fees these lots have paid to date since these subdivisions were created. Bill Dutton's assessment schedules were provided in the Board packet.

Director Neece motioned to cease assessing the Pinewood Hills and Looking Glass lots on the impact fees and credit any future impact fee assessments with the totals noted in the tables provided by Bill Dutton. Owners must be informed of this action by certified letter. Director Radick seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ogle voting. Director Peacock was not present for this vote.

Simkins/Taylor Land Negotiations--Edwards provided an update on the meeting with BSOA. Edwards will write a letter to BSOA stating a deadline of October 1 for coming to an agreement on the easement through BSOA proposed park land. In turn, a time limit of November 1 was set for the District and Simkins to come to agreement to purchase the land.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, September 24, 1996, at 3:00 pm in the Sewer District's office.

ADJOURNMENT

Director Radick moved to adjourn the meeting at 7:00 pm. Director Neece seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Ogle voting.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- August 20, 1996, 3:00 pm
BSOA Conference Room**

The Big Sky County Water & Sewer District No. 363 scheduled a regular meeting for 3:00 pm on Wednesday, August 20, 1996, in the BSOA Conference Room. President Bill Ogle, Secretary Bill Neece (arrived at 4:20), and Directors Wendell Ingraham, Dee Rothschiller, and Skip Radick (left at 5:05) were present. Directors Harry Meabon and Stewart Peacock were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat and Marlene Kennedy; Lone Peak Lookout writer Ann Sniecinski; EMC representative from St. Louis, Ray Greek; and two individuals from the public, Craig Reichstetter and Gary McRae.

President Ogle called for public comment at 3:17 pm.

MEMBERSHIP FORUM

Craig Reichstetter questioned the permit denial for the Wiggins hookup and asked if an indemnification is a possibility so that he can proceed with the foundation. President Ogle directed Edwards to respond. Edwards said an indemnification would be okay and that a letter will be going out to Brian Wheeler of Boyne, which will outline all the information the District needs before sewer applications can be approved for this area of Cascade. The letter will also be copied to the State.

Director Rothschiller recommended conditional approval for the Wiggins' permit request subject to a letter of indemnification signed by Wiggins. Then, when the Cascade system receives final acceptance, a permit will be issued. President Ogle verbally polled members, all members approved.

Ray Greek, EMC representative, commented on his fact-finding visit to Big Sky in regards to the Lone Mountain Springs water company and thanked the Board for their time. EMC will submit a preliminary proposal for the Board's review.

With no further public comment, President Ogle called the meeting to order at 3:27 pm.

APPROVAL OF MINUTES

The minutes of the July 30, 1996, Special Meeting were reviewed and approved as corrected. Director Rothschiller moved to approve the July 30 minutes as corrected. Director Radick seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.

The minutes of the August 7, 1996, Special Meeting were reviewed and approved as corrected. Director Rothschiller moved to approve the August 7 minutes as corrected. Director Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.

FINANCIAL REPORT

Year End Financial Reports— Bill Dutton reviewed the revised year-end financial reports (income statement, balance sheet and budget report) that were provided in the Board packet. The new financial format received approval from the Board members. Dutton said the July monthly financial reports (balance sheet and income statement) will be presented at the September meeting as he is uncomfortable with the printout as it is.

Dutton will take \$42,690 (net loss for fiscal year 95/96) taking into consideration moving the aerators and fencing improvements into plant assets and depreciating these items for this year. He will check with the auditor in October to verify the expenses that can be capitalized.

Director Radick moved to accept the modified actual year-end financial statements as of 6-30-96 which will include the aerators and fencing costs. Director Ingraham seconded the motion. Motion carried, 4 yea votes to 0 no votes with President Ogle voting.

Receivable Aging Report/Delinquent Accounts— Edwards reported that the District had sent out overdue notices prior to the last Board meeting. Dutton reported that there are 13 outstanding accounts for a total of \$3,215. The Board directed staff to forward the list of delinquent accounts and their respective amounts to the Madison & Gallatin County Assessor's for placement on the tax roll.

MOU Account— Dutton gave a follow-up report on the MOU suspense account. The District spent \$174,396.95, and the potential interest earning would have been \$7,524.64 on the money spent thus far, totaling \$181,921.59 which is needed to replenish the MOU suspense account to its full balance. The amount was transferred to the account today (8/20/96).

President Ogle directed Dutton to write a letter to Mae Nan Ellingson requesting information on arbitrage issue concerning interest earnings on escrow accounts for contractors.

SRF DRAW REQUESTS

Edwards reported that the contractors have been informed that draw requests will be submitted monthly. Dutton and Edwards briefly reviewed the two draw requests which were provided in the Board packet. Dutton anticipates the money will be wired in about ten days, with Todd Teegarden visiting Big Sky tomorrow (8/21/96) and taking the requests back to Helena for processing. Edwards and President Ogle signed the two draw requests.

IAMP REPORT

Construction Contracts— Edwards provided a summary in the Manager's report of the construction contracts and payments made to the contractors.

Construction Progress Report— Edwards stated that weekly progress reports from each contractor will be given to Board members. A progress report, to date, was included in the Manager's report.

Change Orders— Williams Brothers: A request for \$3,039 for omission of equipment from the original design. Since this request was under the board approved \$5,000 limit, no board action was needed. Edwards reported that a field order has already been issued.

Huppert Brothers: Contractor opted not to use the housing and wants the \$35,000 back in their contract. Edwards didn't know if any additional Board action could be taken at this time, other than the Board's initial approval at the July 30, 1996 meeting that approved of housing expenses up to \$17,000.

Director Radick moved to approve the work directive change order for \$8,272.97 for Huppert Brothers. Director Rothschiller seconded the motion. Motion passed, 5 yeas votes to 0 no votes with Director Neece and President Ogle voting.

Van Dyke Construction: Edwards recommended that the Board approve the change order for the drainage system at the most recent proposal of \$113,169.01.

Director Rothschiller moved to approve the change order totalling \$113,169.01, as recommended by Edwards. Director Radick seconded the motion. President Ogle called for discussion. After some discussion, the motion passed, 5 yeas votes to 0 no votes with Director Neece and President Ogle voting.

OPERATORS' REPORT

Grant Burroughs provided a total flow report on the Low Dog Road flume. Burroughs provided a price estimate from Williams Plumbing for more pipe replacement (I&I) work at Lone Mountain Ranch, and recommended completing the work at the \$25/foot price quote. All board members verbally approved the recommendation.

Director Rothschiller moved to approve the \$25/foot price quote from Williams Plumbing to replace the pipe at Lone Mountain Ranch. Director Neece seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Ogle voting.

Jim Muscat reported on the I & I progress made this summer, reviewing a written report that was provided to the Board. An estimate for the Strong-Seal System to seal manholes is \$110 a vertical foot with manholes averaging 8 feet. Muscat estimated

replacement costs for a manhole at \$3,000. President Ogle recommended doing an inspection of the system now, to detect any potential problems at a time when it is easier to fix. Muscat will come up with a cost estimate for repairing manholes. Edwards said stainless steel saddles have been purchased and are now being required where appropriate.

Edward reported that the old sewer building will be moved this week to a temporary location on the District's property near Van Dyke's trailer and that the District will charge them rent. The board directed Edwards to charge a reasonable rent.

Construction Progress— Golf Course: Edwards reported that, in his estimation, the contractor is about three weeks behind schedule on restoration. Edwards doesn't think the contractor will finish the project by October but the contractor feels he will be able to meet the deadline. Reading language from the contract document, Edwards said that technically the District could impose fines of \$200 per day for each calendar day the work is incomplete. A request for delaying seeding until next spring has been received. President Ogle recommended requesting the contractor to lay sod where needed if the seeding is delayed. The Board directed Edwards to meet with Huppert next week, when Huppert returns from vacation, and voice the Board's concerns about meeting deadlines. Edwards will send a letter to Huppert this week requesting a meeting and it will also state the Board's concerns. Edwards reported that the other contractors are to be on schedule.

SEWER CONNECTION PERMITS

Edwards provided his recommendations on the four new applications. A copy and summary of the sewer connection permit applications reviewed by the Board were provided in the board packet. Applications reviewed were:

1. Group Seven/Grey Wolf Condos, Lot 16, Blk 6: A request for 1.40 SFEs for condominiums, not subject to impact fees but subject to the connection/inspection fee and conditional on receiving a letter of approval from the Westfork Architectural Committee, was approved by the Board.
2. Group Seven/Grey Wolf Condos, Lot 17, Blk 6: A request for 1.40 SFEs for condominiums, not subject to impact fees and subject to the connection/inspection fee and conditional on receiving a letter of approval from the Westfork Architectural Committee, was approved by the Board.
3. Shropshire, Sweetgrass Hills, Lot 5, Blk 1: A request for 2.55 SFEs for residential, exempt from the impact fee and subject to connection/inspection fee, was approved by the Board.
4. McRae, Meadow Village, Looking Glass Rd, Lot 44, Blk 3: Edwards reiterated past information conveyed to McRae by District staff that an impact fee would

not be charged and McRae purchased the lot with that assumption. Since that information was released, District policy has been set on impact fees for Looking Glass Road. All Board members verbally approved standing behind the initial information conveyed by District staff. The request for 2.00 SFEs for residential, exempt from the impact fee and subject to the connection/inspection fee and conditional on receiving Gallatin County and BSOA Architectural Committee approvals, was approved by the Board. McRae said he is working with Gallatin County on obtaining a land use permit and also working with the BSOA Architectural Committee on a variance. Edwards will write a letter explaining the conditional approval.

Director Neece moved to approve the applications for Grey Wolf Condominiums, Shropshire, and McRae as recommended by Edwards noting any applicable impact fees and connection/inspection fees and conditional requirements. Director Ingraham seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting. Director Radick was absent for this vote, leaving at 5:05 pm.

OTHER BUSINESS

Table 3.0-1— Edwards provided a draft of the revised table 3.0-1 in the board packet and noted further corrections were still needed to reflect the Board's amendment to the Table.

Big Horn Condominiums— Edwards said he received a request from Big Horn Association on 8/19/96 to add 60 hot tubs to the complex. Edwards said they are already at full build out and the District does not have the capacity to add this.

Water Company Transfer— Edwards reported that a transfer agreement may be ready in ten days to review and that the transfer may be do able in a month.

Impact Fee for Meadow Village Center (Bing) Building— Edwards said the impact fee may be a contested issue, recommending charging the old impact fee of \$1,200. All Board members approved of charging the \$1,200 impact for the building the District office is located in.

BSOA Ballot— The Board directed President Ogle to vote, sign and send in the ballot.

Bing/Boyne/District Land Swap— Edwards reported on the letter received today from Mark Refling, Bing's attorney. Restricted parking is still an issue and Bing wants "restricted" deleted from the proposed language. The Board directed Edwards to leave the "restricted" language because it was requested by the BSOA.

District Word Load/Extra Assistance— The Board directed Edwards to hire additional management assistance if he needs it.

NEXT MEETING

The next regular Board meeting is tentatively scheduled for Tuesday, September 17, 1996, at 3:00 pm in the BSOA meeting room. If needed, bi-monthly meetings will be scheduled.

ADJOURNMENT

Director Ingraham moved to adjourn the meeting at 6:00 pm. Director Neece seconded the motion. Motion passed, 4 yea votes to 0 no votes with President Ogle voting.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

Special Meeting -- August 7, 1996, 3:00 pm
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Wednesday, August 7, 1996, in the BSOA Conference Room. President Bill Ogle, Secretary Bill Neece, and Directors Dee Rothschiller, Stewart Peacock and Skip Radick were present. Directors Wendall Ingraham and Harry Meabon were not present.

Others present were WSD staff Ron Edwards and Marlene Kennedy and Lone Peak Lookout writer Ann Sniecinski.

President Ogle called for public comment at 3:20 pm. There being no public comment, President Ogle called the meeting to order at 3:21 pm.

SEWER CONNECTION PERMITS

Edwards updated the Board on correspondence he sent to those permit applicants who received approval from the Board at the meeting of July 30. Edwards sent letters stating the Board's approval, or conditional approval, and noting all applicable fees that need to be paid prior to issuing a permit. The letters also stated that adjustments will be made at the time of final inspection. A letter of this nature will continue to be sent to all whose permit applications that the Board reviews.

The Board reviewed the following four sewer connection permit applications, copies of which were provided in the Board packet:

1. **Fire Station--Cascade Subdivision:** WSD staff calculated 1.84 SFEs with impact and connection fee totalling \$8,600. Edwards noted that the ordinance does not have a provision to address reducing or exempting fees for public services like this and the chapel that is planned. Edwards' recommendation was to leave the fees as is, and give the Fire District a break on their monthly billing. Director Rothschiller stated her problems with charging an impact fee for the fire station. Director Radick wanted to know if this would come out of Cascade SFEs. Edwards responded that this would go against SFEs allocated for Cascade. Neece said the fire district would be paying for the impact/connection fee and they are already \$14,000 over budget and are unaware of the required fees. Ogle stated it is from one pocket to the next, since both the District and the Fire District get resort tax dollars. Ogle recommended waiving the fee, but the Board needs to think about to handle future requests for such services. Ogle said if they are using the service, then the District should bill them for it on the monthly/quarterly billing. Radick said he is concerned about setting a precedence and the District needs to define what may be exempt. Edwards said the Ordinance could be amended to specify what could be exempt. Peacock said he would support waiving the fee if there were something in place that specified what would be exempt. Ogle said exemptions could include the following: emergency service, law enforcement, public utility service, fire services (tax supported emergency entities/agencies) and other public services, at the

discretion of the Board, evaluated on a case by case basis.

Director Rothschiller moved to waive the impact fee on the Mountain Village Fire Station. Director Radick seconded the motion. Motion passed, 4 yeas votes to 0 no votes with President Ogle voting. Director Neece abstained from voting. Edwards will work on language to amend the Ordinance.

2. **Ski School/Snowcrest--Mountain Village:** A total of 18.85 SFEs were calculated with a possible discrepancy on the condo units designated for the top floor of the building. The SFEs were calculated using two bedroom units. Total impact/inspection fees are \$76,900, plus a surcharge of \$1,000 per SFE or almost an additional \$19,000. All fees must be paid upfront, before a connection will be made. Radick wanted to know if approvals were issued as conditional. Ron relayed a conversation with Steve Barrett (Boyne legal counsel) where he said that Boyne will probably want to reallocate instead of using the 80 SFEs designated for the Mountain Village--testing the reallocation system. The actual permit issued will be subject to the reallocation. Edwards recommended approval of the application.
3. **Kirchschlager--Cascade Subdivision:** Calculated at 1.80 SFEs that is exempt from the impact fee and subject to a \$750 inspection fee. Edwards recommended approval.
4. **Wiggins--Upper Cascade Subdivision:** This is the first request for building in Upper Cascade. Calculated at 1.55 SFEs, Edwards recommended not approving this application until Boyne has a final inspection done on the system in Upper Cascade. Edwards thinks the district needs to get as-builts of the system before approving any requests for Upper Cascade.

Director Radick moved to deny the request for a permit for Wiggins. Director Peacock seconded motion. President Ogle called for discussion--no discussion. Motion passed, 4 yeas votes to 0 no votes. The Board directed Edwards to send letters to Wiggins, Reichstetter, Barrett, Wheeler and Woods informing them of the denial of the permit and the reason of the decision.

Director Peacock moved to approve the permit applications as submitted for the Fire Station, Ski School/Snowcrest, and Kirchschlager. Director Rothschiller seconded the motion. President Ogle called for discussion--no discussion. Motion passed, 4 yeas votes to 0 no votes, with President Ogle voting. Director Neece abstained from voting.

SEWER USE ORDINANCE

Amendments to Exhibit A, Table 3.0-1: Edwards revisited what transpired at the Board meeting of July 30, 1996, noting the Cronin request to amend Exhibit A, Table 3.0-1.

Discussion as follows:

1. **Blue Grouse Phase II**--Edwards noted a DEQ letter approving 133 SFEs for Phase II. Edwards feels this is cut and dry and recommended 14 for Phase I and 133 units for Phase II for a combined total commitment of 147 units. Through a verbal poll by President Ogle, all Board members approved the recommendation. President Ogle did not vote.
2. **South Fork Phases I and II**--There is no dispute on Southfork Phase I. On Phase II, Paul Cronin reported to Edwards that as of today there is no approved subdivision, but Cronin feels they have a commitment to sewer capacity. Clarifying a location dispute from the last meeting, Edwards used a map to show that Phase II is in the NE corner of Section 2. Phase II is now referred to as everything that is left in Southfork, including what were Phases III and IV as the preliminary plat approval for Phase III and IV has expired. Cronins requested 155 SFEs for Phase II based on supporting documents committing to sewer service. Edwards said in speaking to Wayne Hill (former RID 305 president), Hill felt that Southfork could be in the District. Edwards said supporting letters were vague to specific areas, but his interpretation was that the letters were including all of Southfork. Edwards recommended to approve 155 SFEs for Southfork II, or 180 SFEs for I and II. Through a verbal poll by President Ogle, all Board members approved the recommendation. President Ogle did not vote.
3. **Hidden Village**--Edwards said he wrote a letter to Neithold requesting as-built drawings. Neithold said there are no as-builts and he will continue looking for additional documentation that commits the district to 195 units. Edwards said Hidden Village is asking for another 50 units. Director Radick wants the issue of calculating by unit or bedrooms resolved. Director Rothschiller recommended the Board allocate SFEs today, allowing Table 3.0-1 to be amended.

Director Radick moved to accept the Amendments to Exhibit A, Table 3.0-1 of the Sewer Use Ordinance 96-1001 with revisions as noted below. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes. President Ogle did not vote.

Amendments to Table 3.0-1:

Southfork I and II--A total of 25 units for Phase I and 155 SFEs for Phase II.

Blue Grouse--A total of 147 units, 196.2 SFE's with adjustment to be made on the current occupied.

Tennis Courts--A total of 34.2 SFEs was conditional on the present business/recreational use being maintained.

Westfork Meadows--A total of 463.6 SFEs, excluding the River Rock Lodge and accepting the request for 290 additional SFEs. Total SFEs are conditioned on the 1982 Sewer Dedication Agreement which has a provision for 48,000 gpd peak daily flow from Westfork Meadows.

Beaverhead--A total of 68 units calculated as a total of 73.4 SFEs.

Meadow Village Minor--A total of 30.2 SFEs plus an additional 78 SFEs. The 78 SFEs includes the Minor Subdivision and COS 409. The distribution is not a per property, and Table 3.0-1 must reflect an allocation agreement that must be made between the property owners.

Hidden Village--A total of 184 units calculated as a total of 314 SFEs. The total SFE figure was calculated with an average of 1.8 SFEs for 40 units reflecting an additional 72 SFEs.

OTHER BUSINESS

Engineering Agreements: Edwards reviewed two proposed engineering agreement contracts, one for C & H and the other for MSE-HKM. The signed contracts would allow the district to put a cap on billing until the contract is renegotiated and includes a clean termination clause. Ogle wants to make sure that there are enough people to communicate aggressively with the contractors. President Ogle signed both contracts.

Contractor Progress: The Board directed Edwards to identify progress standards for each contractor and then for Edwards to weekly notify Board members noting milestone events/work completed by each contractor.

NEXT MEETING

The next Board meeting is scheduled for Tuesday, August 20, 1996, at 3:00 pm in the BSOA meeting room.

ADJOURNMENT

Director Neece moved to adjourn the meeting at 5:22 pm. Director Peacock seconded the motion. Motion passed, 4 yea votes to 0 no votes. President Ogle did not vote.


W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

Special Meeting -- July 30, 1996, 3:00 pm
BSOA Conference Room

The Big Sky County Water & Sewer District No. 363 scheduled a special meeting for 3:00 pm on Tuesday, July 30, 1996, in the BSOA Conference Room. President Bill Ogle, Secretary Bill Neece (arrived at 3:55 pm), and Directors Dee Rothschilder, Harry Meabon and Skip Radick were present. Directors Wendall Ingraham and Stewart Peacock were not present.

Others present were WSD staff Ron Edwards, Bill Dutton, Grant Burroughs and Marlene Kennedy; Lone Peak Lookout writer Ann Sniecinski; and one individual from the public, Packy Cronin.

President Ogle called for public comment at 3:17 pm.

MEMBERSHIP FORUM

Southfork Subdivision: Packy Cronin stated he would address the issue of Southfork when it comes up on the agenda.

With no further public comment, President Ogle called the meeting to order at 3:20 pm.

APPROVAL OF MINUTES OF JULY 16, 1996

The minutes of the July 16, 1996, Regular Meeting were reviewed and approved with one correction. *Director Meabon moved to approve the July 16 minutes. Director Radick seconded the motion. Motion carried, 4 yeas votes to 0 no votes with President Ogle voting. Director Neece was not present.*

FINANCIAL REPORT

Year-end Financial Reports: Bill Dutton reviewed the year-end financial reports including an Income Statement, Balance Sheet and Budget Report. Director Meabon had a question on user fee--Dutton said that \$139,000 was billed with \$15-\$16,000 still outstanding. Dutton noted that under contingent liabilities the MOU interest rate fluctuates from 6-9%, compounded, and provided a print out that showed the annual interest. Director Meabon thought the interest should have been accrued on both portions of the MOU (RID & Boyne). In reviewing the Income Statement, Dutton indicated the net loss of \$244,284. Director Meabon stated \$150-160,000 came out of the MOU. President Ogle wants to spend more time reviewing the financials documents, making sure everyone understands nonoperating revenue (resort tax and interest income). Interest was earned in July, August and September and Dutton said it was all recorded in September. Director Meabon stated that the MOU was intended to be a locked, hands-off account, including interest. President Ogle said, and other board members agreed, that from now on the interest on capital accounts stays with the account and the interest rollovers--not be transferred to the general fund. President

Ogle stated that general operations must be supported in the normal budget, making sure the District has an operating resource fund that balances with operating costs. Edwards reported that the budget has been restructured for FY 96-97 to better reflect the expenses. Dutton pointed out that the user fees in the Budget versus Actual--accrued 15 months, instead of 12 months, and the difference in the rate for one quarter--approximates \$50,000. President Ogle questioned the telephone expense--Dutton and Edwards talked about the cost saving measures they have instituted. Edwards and Dutton said there will be additional expenses to A-Z Inc. for Solomon software support when the transfer of Lone Mountain Springs to WSD #363 occurs. President Ogle questioned depreciation since it was more than what was budgeted. Dutton said the higher depreciation amount was used because the auditor stated the amount to use in the audit report and the report was accepted by the Board. The difference in the auditors amount was due to the auditor using a shorter life. Dutton said IAWP is where the bulk of the deficit came from. On Non-operating Income, Director Meabon wanted Dutton to explain the 5031 and the 5030 line items--why not combine. Dutton explained that this is just the way it was booked in the beginning. For Non-operating Expense, the total expended was picked up in other accounts but most of the expenses were recorded under the five line items noted on the report. President Ogle questioned the carryover, asking Dutton if he did a closing to cut off--Dutton responded yes, this is all funds received this year. Director Meabon said that the \$3,200 may have been carryover. President Ogle asked about what happens with the residual dollars from the \$367,384.34--Dutton said it was spent, just coded under other line items. The Board directed Dutton to go back and repost under the five categories--showing that the resort tax funds were all spent in appropriate categories.

Director Radick moved to accept the monthly financial statements of 6-30-96 as amended. Director Rothschiller seconded the motion. Motion carried, 4 yea to 0 no votes. President Ogle did not vote.

Director Meabon called for discussion of the year-end financials. Before approving year-end financials, President Ogle suggested a new format with three columns: actual year end, last years budget and this years budget with a close estimate of revenues with fees (rate increase, impact, hookups). Dutton will work on revising the format for the year-end financials.

Auditor Recommendations: Dutton requested proposals for auditing services for 3 years of auditing services from 14 Montana firms. A summary of the 5 responses Dutton received was included in the Board packet. The firm Joseph Eve & Company from Billings was recommended because their bid was \$475 less for the first year and \$900 less for each of the next 2 years. Dutton reported on the reference check for Joseph Eve & Company and said all references gave very high praise for the firm. Dutton said this is a firm bid and we should be able to lock them in. Dutton read the audit bid proposal, verifying travel costs are included in the bid packet.

Director Meabon moved to accept the recommendation of Bill Dutton, accepting the bid of \$3,325 for the first year and \$3,100 per year for the succeeding two years for a total of three years of auditing services from Joseph Eve & Company. Director Rothschiller seconded the motion. President Ogle called for discussion--no discussion. Motion carried, 4 yea votes to 0 no votes. President Ogle did not vote.

Delinquent Accounts--Dutton said letters were sent out in July to delinquent accounts over 61 days past due, which said that the accounts must be paid current by August 15 or the amount will go on the tax roll. Dutton also reported that about half of the original over 90 days past due accounts have paid. However, some new accounts will move into this 90 days overdue category in August. Director Ogle noted the need to be aggressive in collecting past due accounts.

Impact Fees--Edwards explained the need to calculate Looking Glass and Pinewood Hills impact fees as a separate class because impact fees have been paid on some lots, but not for the full time period. Director Neece thought a credit amount had been discussed in past meetings. President Ogle said what needs to happen before people come forward to pay impact fees, is to adjust those accounts by prorating. Edwards and Dutton will work on the discrepancy on what has or hasn't been paid on the open/vacant lots since inception of the subdivisions and go back to day one and work out an impact fee to recommend to the board.

Resort Tax Request -- Dutton said the next resort tax draw will be \$119,159.16, balancing the amount originally requested out to zero.

Meabon moved to authorize Financial Officer Bill Dutton to submit a resort tax request of \$119,159.16, and to attach a copy of the minutes of this meeting with the request. Director Radick seconded the motion. President Ogle called for discussion--no discussion. Motion carried, 4 yea votes to 0 no votes. President Ogle did not vote.

IAWP REPORT

SRF Loan Closing: Edwards reported that the District closed on the State Revolving Fund(SRF) Loan on Friday, July 19, 1996, with the State wiring \$279,510 as the first payment request. The money was placed into a segregated money market reserve account at Big Sky Western Bank and will be used strictly as a reserve account for future asset replacement and the interest will stay in that account. A copy of the projected loan debt service schedule was provided in the Board packet. Director Meabon suggested restoring principal plus interest into the MOU fund until the final agreement is signed.

Director Meabon moved that the MOU fund be restored in both principal (\$239,510) and interest, prior to aerators installation, plus any residuals and place it in the MOU reserve account. Director Neece seconded the motion. Motion carried, 4 yea votes to 0 no votes. President Ogle did not vote.

Construction Report: Edwards reported on the progress each contractor has made on construction. He will periodically provide a table that shows change orders, payment requests and total contract dollars.

Edwards reported on the first contractors coordination meeting which was held on Tuesday, July 23, 1996. The contractor meetings with engineers are scheduled to take place once a month, with the next meeting scheduled for August 6 at 10:00 am.

In regards to the old sewer building, Edwards doesn't feel it is worth the trouble or expense (\$30,000-\$40,000) to buy it back from the contractor (Williams Brothers) for use as a future shop for the District. The contractor has talked about moving it to other property within Big Sky and remodeling it, and Tim Ryan (a Big Sky resident) sent a letter to the District stating his interest in purchasing it for use as a barn.

Change Orders: Edwards stated his need for the Board to allow him to approve change orders.

Director Neece moved to allow the District's manager, Ron Edwards, to authorize change orders up to \$5,000. For change orders over \$5,000, the manager will have to poll at least four board members, one of which must be the chair, vice-chair, or secretary. Director Meabon seconded the motion. Motion carried, 4 yea votes to 0 no votes. President Ogle did not vote.

Change orders reviewed were:

1. **Storage Pond Liners (VanDyke Construction)**--Edwards said he notified C & H Engineering to upgrade the storage pond liner from 40 mils to 60 mils. C & H has prepared a change order in the amount of \$112,048.80 which was specified as an alternate item in the original bid.

Edwards showed a drawing of what the engineers' proposal is, using 6" perforated PVC pipe. State approval is still needed and Edwards said Hjalmarsen does not have an estimate yet.

2. **Golf Course Irrigation Contract (Huppert Brothers)**--Edwards reported that Huppert Brothers have requested a credit change order for the housing allowance in the amount of \$35,000, alternate 9 in the contract. The contractor said the housing was not available when they first mobilized in and the housing offered does not have cooking facilities available to their crews. Because of this, their crews have found other housing.

Edwards said we never nailed down the number on what Boyne would have charged. Director Neece said Boyne probably would have charged around \$17,000 from July to November. Meabon said the credit request may have merit if there was misrepresentation. It was noted that the District did not guarantee

housing with cooking facilities and no one knows if the contractor inspected the facility before the bid. Edwards said Boyne will charge the contractor something. Edwards will look at the bid specs and maybe hold the money as an incentive. If a commitment for free housing was made, the Board recommended that Edwards let the contractor know we will accept actual bills not to exceed Boyne's estimated rental charge of \$17,000.

Edwards reported that Huppert will need to add additional bedding to keep the shore from settling near the BSOA pond and the contractor will work on a change order for this. Huppert stayed with the original installation course for routing, but left a section undone until an engineers recommendation comes in.

3. **Pending Items for Change Order Consideration--**C & H Engineering has worked on a preliminary design for the drainage system under the trout pond. They are preparing an engineering estimate and will then submit the change order item to Van Dyke for a quote. Once a price is determined, C & H will prepare a change order for the drain system for District approval.
4. **Fill Dirt--**Edwards updated the Board on the status of the disposal of the fill dirt, saying the contractor may elect to sell whatever fill Big Sky Lumber doesn't take.

SEWER USE ORDINANCE

Amendments to Exhibit A, Table 3.0-1: At the last meeting, the Ordinance was adopted with the exception of Exhibit A, Table 3.0-1. Edwards reviewed each request that came up at the last meeting and provided his written recommendation in his manager's report.

1. **Beaverhead Condos--**Edwards recommended amending Table 3.0-1 to 68 units which was approved by all Board members.
2. **Tennis Court Tract--**Edwards recommended 34.2 SFEs, subtracting out the lounge and restaurant. All Board members approved the recommendation.
3. **Meadow Village Commercial Center--**Edwards recommended 78 additional SFEs basing the SFEs on existing density. All Board members approved the existing 34.21 SFEs plus 78 SFEs for the entire Minor Subdivision plus COS 409.
4. **Westfork Meadows--**Ron Edwards recommended 290 additional SFEs as shown on a WF map submitted at a July 9th meeting with representatives from WF and Ron Edwards, with a footnote in the table acknowledging the Sewer Dedication Agreement and specifically using the 48,000 gpd peak flow as the determining factor. All Board members approved this recommendation further stating that once the peak flow exceeds 48,000 gpd then Westfork would be subject to pay impact fees.

5. **Blue Grouse Phase II**--Ron Edwards recommended 14 for Phase I and 133 units for Phase II for a combined total commitment of 147 units. Packy Cronin said Phase I and II have been approved by the State and County contingent on approval of hooking into the sewer system. All the area is in the District, referencing a letter from July 9, 1976, but the letter is not specific as to what the commitment is. Meabon does not see that there is any commitment from the District for Phases I and II. President Ogle believes this subdivision should wait until all others are provided service since this wasn't an approved subdivision until 1995. The District has to serve the existing subdivided property first. The RID commitment was not specific as to what its commitment would be. Director Meabon said if there is a commitment for flow, than that is what the board will have to honor. Director Meabon said that there is a recorded legal document in which Paul Cronin states that full build out at approximately 120 units. Directors Ogle and Meabon recommended Blue Grouse II be on the waiting list because it wasn't approved prior to the moratorium. The Board directed Edwards to compile specific documentation as to what commitments the District has made for Blue Grouse and then the Board will make their decision at their next meeting.
6. **South Fork Phases I and II**--Edwards recommended 155 SFEs for Phases I and II based on supporting documents committing to sewer service and after consulting legal counsel. Phase I is approved for 25 units and Phase II is on a waiting list for SFEs until further documentation on commitment is provided. The board directed the manager (Edwards) to compile specific documentation as to what commitments the District has made to South Fork and the Board will make a decision at their next meeting. Edwards may talk to Terry Threlkeld and Wayne Hill. Cronin recognized and does not dispute that the Blue Grouse and the South Fork subdivisions will be subject to impact and connection/inspection fees.
7. **Hidden Village**--Edwards will write a letter requesting as built plans so that SFEs can be calculated.

SEWER CONNECTION PERMITS

The District has received or knows of 11 applications for sewer connection permits since announcing the lifting of the moratorium on July 16. A summary of the applications received prior to July 29 was provided in the manager's report. Copies of 5 of the permit applications were provided in attachment D of the manager's report.

1. **Meadow Center, Inc**--The request of 8.38 SFEs for a new commercial building will come out of the total SFEs committed to the Meadow Village Commercial Center (MVCC) . The Board conditioned approval on the MVCC landowners involved (Reichstetter, Boyne, Bing) coming up with an approved plan or agreement on how they want to allocate the SFEs in the MVCC— possibly through an approved PUD. Bing's Meadow Center lot is subject to the \$4,000 per SFE impact fee and a connection/inspection fee.

2. **Ann D. Fetzter**--Residential request for 1.80 SFEs, not subject to impact fees but subject to the connection/inspection fee, was approved by the Board.
3. **Meadow Center, Inc. (BSOA/WSD #363 Bathrooms)**--Commercial request for .8 SFEs for nonpublic bathrooms and conference room sink was approved by the board. The impact fees will be assessed, but if the owner has paid monthly user fees, the accrued amount will be credited (calculated the same as Looking Glass and Pinewood) to the impact fee. The impact fee will be calculated at the current SFEs being billed for each unit (verified by staff), using current impact fees, minus the allowances for any prepayment. Since this is a public building, the owner has to connect. The connection/inspection fee was waived.
4. **Leonard & Nina Butler**--A request for 2.40 SFEs for residential, not subject to impact fees and only subject to the connection/inspection fee, was approved by the Board.
5. **Edward A. Maynard/Teton Condos**--A request for 14.05 SFEs for condominiums, subject to impact fees of \$40,600 and connection/inspection fees of \$5,250 was approved by the Board.

Director Meabon moved to approve the noted sewer permit applications as submitted and subject to any required impact and/or hookup fees. Director Rothschiller seconded the motion. Motion passed, 4 yea votes to 0 no votes, with President Ogle voting. Director Radick was absent for this vote, leaving at 7:00 pm.

EXECUTIVE SESSION

At 7:05 pm President Ogle moved to go from regular session into executive session to discuss legal issues. Executive session was adjourned at 7:30 pm.

OTHER BUSINESS

Tract 7: Director Neece noted that a 3.5 acre tract (fire district) in the Mountain Village does not have SFEs allotted on the Table 3.0-1. Director Rothschiller said since the Fire District's Mountain Station is for health and safety of the public, the Board will need to address SFEs at a future meeting.

Restricted Reserve Fund: Director Meabon requested that the manager draft a resolution for restricted reserve fund uses.

Water Company: Ron Edwards and Bill Ogle met with a representative from EMC, a Midwest firm that would like to put together a proposal to deal with the water company. If the District was serious, EMC offered to come to Big Sky at no cost to the District to put together a proposal.

Water Supply: President Ogle said we need to talk with Bob Stober and try to share the burden of coming up with a fire protection plan to get adequate water supply in emergency situations and maybe the Board should consider suggesting a company like EMC to help out. Director Neece will address some of these concerns at the next Fire District meeting, stressing the District's willingness to work together.

Simkins Meeting: Ron Edwards said he and Director Rothschiller met with Simkins last week. Peter Jamar is working on a development plan, which incorporates the BSOA proposed park and Simkins' land, and will make a presentation at the BSOA board meeting in August. At this same meeting, Edwards will present the District's position on acquiring pond #2.

BSOA Annual Meeting: The Big Sky Owners Association (BSOA) has requested that a representative from the District appear and speak on behalf of the District at their annual meeting on August 31, 1996. Harry Meabon or Ron Edwards will make the presentation.

NEXT MEETING

The Board scheduled a special meeting for Tuesday, August 6, 1996, at 3:00 pm, to address SFEs for Blue Grouse and Southfork, amending Table 3.0-1 of the Sewer Use Ordinance. The meeting will be held at the Sewer District's office.

ADJOURNMENT

Director Neece moved to adjourn the meeting at 8:12 pm. Director Meabon seconded the motion. Motion passed, 4 yea votes to 0 no votes. Director Radick was absent.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

Year End

ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS

Date: August 20, 1996

The Board of Directors at its August 20, 1996 board meeting reviewed and accepted the BSWSD #363 annual financial statements for 1995/1996 as follows:

1 Statement of Condition as of 6-30-96

• Assets: \$ 2,978,499.67

• Liabilities: \$ 537,986.87

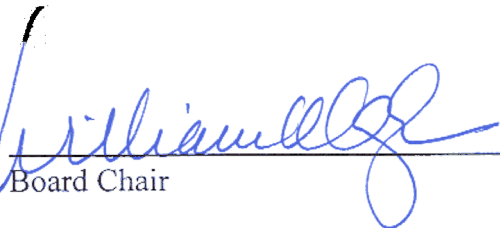
• Equity: \$ 2,440,512.80

2. Income Statement as of 6-30-96

• Gross Inc: \$ 1,180,117.00

• Gross Ex: \$ 1,492,460.00 *was 1,222,807.00*

• Net Inc. (Ex): \$ (312,343) *was (42,690)*


Board Chair

Big Sky Water & Sewer Dist.363
Balance Sheet
Period: 12-95 As of: 06/30/1995

02-96-278
Date 08/21/96 10:47am

Page

ASSETS

CURRENT ASSETS

CASH AND EQUIVALENTS

BSWB CD #1447	200.00
Cash In Bank - American	4,242.44
BSWB Bus. Checking #102547	(44,866.49)
BSWB Money Market #102539	29,943.09
BSWD CD #1434	9,239.19

TOTAL CASH AND EQUIVALENTS

(1,241.77)

RECEIVABLES

User Fees Receivable	155,979.53
Allowance for Bad Debts	(11,000.00)
Resort Tax Receivable	183,416.17

TOTAL RECEIVABLES

328,395.70

OTHER CURRENT ASSETS

TOTAL OTHER CURRENT ASSETS

0.00

TOTAL CURRENT ASSETS

327,153.93

RESTRICTED CASH & EQUIVALENTS

RID 305 MOU CD #1731&---	304,888.34
Boyne MOU CD #1731&#---	303,743.75

TOTAL RESTRICTED CASH & EQUIV.

608,632.09

LAND/BUILDINGS/EQUIPMENT

Land	611,604.00
Plant Assets	2,326,296.13
Perimeter Fence	62,759.32
Rolling Stock-Vehicles	41,916.50
Lease-1995 Ford Ranger	6,113.24
Furniture & Fixtures	46,515.19
Accumulated Depreciation	(849,244.73)

TOTAL LAND/BUILDINGS/EQUIPMENT

2,245,959.65

OTHER ASSETS

Rental Deposit	1,057.00
Lease Deposit-Ford Motor Cr.	350.00

TOTAL OTHER ASSETS

1,407.00

TOTAL ASSETS

3,183,152.67

LIABILITIES & OWNERS EQUITY

LIABILITIES

CURRENT LIABILITIES

Fed & Fica Payable	4,171.23
State withholding payable	671.60
PERS Payable	1,982.60
Lease Liability-1995 Ford P/U	3,533.90
SUTA Tax payable	147.50
Accounts Payable	13,839.03
Compensated Absences	10,548.94

TOTAL SHORT-TERM LIABILITIES

34,894.80

NOTES PAYABLE

InterCap Loan-3yrs Mat 5-31-99	26,754.11
InterCap Loan-Interest Liab.	106.65

TOTAL NOTES PAYABLE

26,860.76

LONG-TERM LIABILITIES

TOTAL LONG-TERM LIABILITIES

0.00

CONTINGENT LIABILITIES

Contingent Liability-Boyne	350,000.00
Contingent Int Liab-Boyne	94,290.31
Contingent Liability-Seypar	35,000.00

TOTAL CONTINGENT LIABILITIES

479,290.31

TOTAL LIABILITIES

541,045.87

SHAREHOLDER EQUITY

Donated Capital	2,902,303.67
Retained Earnings	(217,506.51)
YTD Net Income	(42,690.36)

TOTAL SHAREHOLDER EQUITY

2,642,106.80

TOT. LIAB./SHAREHOLDER EQUITY

3,183,152.67

Big Sky Water & Sewer Dist.363
Income Statement by Period
Fiscal Year 1996

02-96-278
Date 08/21/96 04:03pm

Page

		Aug 95	Sep 95	Oct 95	Nov 95	Dec 95	Jan 96	Feb 96	Mar 96	Apr 96	Jun 96	YTD Bal		
OPERATING REVENUE														
5000	Mad. Co. Revenues	0	-1552	-1020	-44	0	1642	827	0	0	220	0	73	
5010	Gal. Co. Revenues	1166	0	0	0	0	0	0	0	0	0	0	1166	
5015	User Fees	0	-3848	139155	-772	5120	134843	-936	-657	134338	-1651	-121	36879	542349
5040	LMS Reimbursement	0	0	8000	0	9500	10821	0	0	0	0	0	0	28321
5050	Misc. Revenue	0	0	2854	456	0	0	0	36	50	320	97	3111	6924
5100	Late Fees	0	0	0	0	0	0	0	0	756	0	0	544	1299
5960	Restricted Reserve Revenue	0	142428	0	0	0	31969	0	0	0	0	0	0	174397
GROSS OPERATING REVENUE		1166	137027	148989	-360	14620	179275	-109	-621	135144	-1111	-24	140534	754528
OPERATING EXPENSES														
Directors														
01-215	Board Mtg Ex.	0	46	65	215	140	64	109	81	194	129	103	566	1713
01-390	Reimbursable Expenses	184	0	0	0	89	0	0	0	112	0	61	0	446
Total Directors		184	46	65	215	229	64	109	81	307	129	164	566	2159
Manager														
02-110	Salaries & Wages	0	0	0	0	0	0	4580	4580	4580	4580	3505	11520	33344
02-140	Payroll taxes & Benefits	0	0	0	0	0	0	0	333	0	0	0	0	333
02-147	Vehicle Allowance	0	0	0	0	0	0	0	0	0	155	195	165	515
02-190	Relocation Expense	0	0	0	0	0	1500	0	0	5217	0	0	0	6717
02-330	Subscriptions & Dues	0	0	0	0	0	0	0	0	0	0	0	80	80
02-351	Engineering - General	0	963	20	0	133	0	0	1578	0	0	0	0	2694
02-353	Contract Management	4422	10376	3400	6800	-6800	27200	0	0	0	0	0	0	45398
02-356	Legal - General	2058	5118	0	4502	3871	3572	3455	3334	715	1885	3221	5585	37315
02-357	Legal - Boyne Et el	5000	2491	0	1069	6050	5552	0	0	0	0	0	6287	26449
02-370	Travel	0	524	532	486	450	983	0	0	0	125	0	0	3100
02-390	Miscellaneous Ex.	54	201	0	54	278	0	0	0	0	0	0	0	587
Total Manager		11533	19674	3952	12911	3981	38806	8035	9826	10512	6745	6921	23638	156533
Administration														
03-110	Salaries & Wages	956	1789	1711	2325	2902	5064	2259	985	1985	1985	1481	3461	27901
03-140	Payroll taxes & benefits	75	140	368	292	347	322	1046	0	0	61	-333	0	2319
03-143	Health Insurance	0	0	0	0	2174	0	0	149	0	2056	0	1010	1041
03-144	Workers Compensation	0	0	0	0	0	0	1422	0	0	0	0	1486	2908
03-145	State Unemployment	0	0	0	38	0	47	0	0	0	0	0	0	85
03-146	Old Fund Liability Tax	0	0	0	0	0	0	11	119	0	67	172	0	368
03-210	Office Supplies	733	1889	73	53	864	981	962	552	205	407	246	89	7055
03-215	Office Furniture	0	0	0	0	-45	952	0	0	0	0	0	0	907
03-220	Operating Supplies	0	0	0	0	0	0	0	0	0	0	84	0	84
03-225	Copier & Fax	0	0	0	0	908	532	-266	561	0	558	0	852	3145
03-230	Supplies Repair & Maint	0	0	0	5	0	0	0	0	0	13	155	20	194
03-310	Telephone Ex.	-319	1285	-342	568	418	627	55	138	375	414	244	447	3910
03-311	Postage	39	770	500	1282	0	-425	842	669	0	1023	1595	66	6361
03-320	Printing & Duplicating	483	393	372	-205	229	0	117	0	226	560	95	1184	3454

	<u>Jul 95</u>	<u>Aug 95</u>	<u>Sep 95</u>	<u>Oct 95</u>	<u>Nov 95</u>	<u>Dec 95</u>	<u>Jan 96</u>	<u>Feb 96</u>	<u>Mar 96</u>	<u>Apr 96</u>	<u>May 96</u>	<u>Jun 96</u>	<u>YTD Bal</u>
03-330 Subscriptions & Dues	218	325	218	290	499	0	0	559	0	282	0	0	2392
03-335 Advertising-Notices	378	1590	0	127	226	234	234	78	293	144	827	404	4535
03-340 Utilities	0	192	215	45	166	393	264	186	131	86	70	116	1866
03-360 Repair & Maint Services	0	0	0	0	0	0	0	0	0	0	80	118	198
03-390 Miscellaneous Ex.	-82	237	-82	156	672	160	486	526	57	489	228	394	3242
Total Administration	2481	8611	3034	4977	5012	8887	7433	5523	3272	8146	4941	9647	71965
Finance/Accounting													
04-110 Salaries & Wages	1673	2160	1230	1269	616	2130	3130	3130	3130	3130	3291	3862	28749
04-140 Payroll taxes & benefits	-291	-254	-303	-204	-266	-500	0	0	0	0	0	0	-1820
04-143 Health Insurance	0	0	0	0	0	0	0	298	0	0	0	0	298
04-146 Old Fund Liability Tax	0	0	0	128	0	0	0	0	0	0	0	0	128
04-330 Interest Expense	0	0	0	0	0	0	59466	0	0	0	12175	2634	74275
04-350 Professional Services	0	6458	3259	990	0	388	1196	109	0	0	340	0	12738
04-355 Computer Program & Maint	0	1450	0	1570	7078	401	35	2691	473	104	111	115	14027
04-370 Travel	0	0	0	169	66	0	0	0	0	0	0	0	235
04-380 Training	85	0	0	0	0	75	110	0	0	0	0	0	270
04-510 Insurance	120	1364	6941	0	0	2400	0	745	0	1590	0	0	13159
04-530 Rent	1211	1211	1211	0	2348	1466	0	2441	0	3105	1500	1500	15996
04-550 Bank Charges	0	0	0	0	0	0	21	0	3	0	0	0	24
04-560 Fees - State Imposed	0	0	0	0	0	425	0	0	0	0	650	0	1075
Total Finance/Accounting	2798	12388	12337	3921	9842	6785	63958	9413	3605	7929	18067	8111	159154
Sewer Operations													
05-110 Salaries & Wages	6191	750	2084	3417	3782	4524	6147	5715	5715	6014	5547	8749	58634
05-140 Payroll taxes & benefits	-85	-505	-123	107	70	-667	0	0	0	0	0	466	-738
05-143 Health Insurance	0	0	0	0	0	0	0	373	0	671	0	361	1405
05-210 Office Supplies	0	0	0	0	0	0	0	0	0	16	0	199	214
05-220 Chlorine	1878	2341	0	4839	372	204	0	0	0	510	963	60	11165
05-230 Repair & Maint-Sewer Sys	0	-2252	264	500	7225	14935	1536	2219	244	2876	2657	6216	36421
05-235 Repair & Maint-Vehicle	148	11	0	-52	580	0	0	0	0	11	27	27	752
05-240 Fuel-Trucks	13	63	0	259	246	254	236	330	206	244	324	546	2720
05-311 Postage	0	0	0	0	0	0	0	0	0	13	32	86	130
05-330 Subscriptions & Dues	0	0	0	0	0	0	0	0	50	94	940	0	1084
05-340 Utilities	1419	2059	0	0	2228	1672	2012	2213	1658	1170	0	2101	16532
05-352 Telephone Ex.	319	271	342	357	307	315	238	226	152	163	251	509	3449
05-355 Computer Supplies	515	0	0	0	0	78	122	57	16	0	0	0	787
05-360 Repair & Maint Services	144	0	5674	0	0	0	0	45	294	130	0	260	6548
05-380 Training	0	85	0	0	462	0	190	320	0	90	0	0	1147
05-931 Fencing	0	0	0	0	0	0	0	0	0	0	839	0	839
05-941 Interest on 1995 Ford Ranger	350	349	0	349	698	349	-1569	349	0	197	96	94	1262
Total Sewer Operations	10890	3171	8241	9776	15971	21664	8912	11847	8335	12197	11676	19672	142351
Other													
06-830 Depreciation	6123	6123	6123	6123	6123	6123	6123	6123	6378	6820	6820	6378	75380
Total Other	6123	6123	6123	6123	6123	6123	6123	6123	6378	6820	6820	6378	75380

	Aug 95	Sep 95	Oct 95							May 96	Jun 96	YTD Bal	
IAWP Project													
10-350 Professional Services	0	0	0	0	0	0	0	0	0	4251	1809	6810	
10-351 IAWP Engineering Ex.	7672	1764	3481	11069	2817	26006	34395	39413	7570	3103	39679	185060	
10-354 IAWP Water Sampling/Analysis	0	3981	0	156	0	0	0	279	390	3489	9878	21314	
10-942 Construction	148308	54149	0	-5769	7932	0	33	0	0	0	0	0	
Total IAWP Project	155980	59894	3481	5456	10750	26006	34429	39692	7960	10843	51365	-192670	213184
Golf Course(2)													
11-350 Professional Services	42	0	0	0	6295	0	0	0	0	0	0	6337	
11-351 GOLF COURSE Engineering Ex.	0	776	1766	0	0	0	0	0	0	0	13120	17721	
Total Golf Course(2)	42	776	1766	0	6295	0	0	0	0	0	13120	24058	
LMS Management													
12-110 Salaries & Wages	2333	2333	2333	2333	2333	2333	0	0	0	0	0	13998	
12-140 Payroll taxes & benefits	1167	1167	1167	1167	1167	1167	0	0	0	0	0	7002	
12-235 Rep & Maint-Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	
12-395 Administration Fee	350	350	350	350	350	350	0	0	0	0	0	2100	
12-941 Truck	0	0	0	0	0	0	0	0	0	0	0	0	
Total LMS Management	3849	3850	3850	3850	3850	3850	0	1	0	0	0	23100	
Miscellaneous Expenses													
13-390 Miscellaneous Ex.	0	0	0	0	-20426	0	0	349	0	0	0	-20077	
Total Miscellaneous	0	0	0	0	-20426	0	0	349	0	0	0	-20077	
TOTAL OPERATING EXPENSES	193879	114533	42851	47230	41627	112185	128997	82856	40368	52808	113073	-122599	847807
NET OPERATING INCOME	-192713	22494	106138	-47590	-27008	67090	-129106	-83476	94776	-53920	-113097	263133	-93279
NON-OPERATING INCOME													
5900 Interest Income	1509	0	24296	2096	948	5263	2343	2363	2419	2094	3824	3434	50589
5030 Resort Tax Reimbursement	0	0	3301	0	0	0	191494	0	0	0	0	180205	375000
TOTAL NON-OPERATING INCOME	1509	0	27597	2096	948	5263	193837	2363	2419	2094	3824	183639	425589
NON OPERATING EXPENSE													
Resort Tax Reimbursable Ex.													
02-352 Engineering - WWTP	0	3501	11595	0	0	15311	0	0	0	24506	0	25788	80700
02-358 Legal - WQB	8131	9803	0	2399	0	7983	5272	8126	3595	4095	4281	-3685	50000
05-354 Well Sampling & Analysis	276	5801	837	357	7734	6637	1244	10136	644	347	-28	14607	48590
05-365 Infiltration & Inflow	8881	23793	1613	19829	32763	10488	820	648	0	1206	3239	67431	170710
06-932 Spray Irrigation	0	0	0	0	0	0	1105	0	313	5976	650	16957	25000
TOTAL NON-OPERATING EXPENSES	17287	42898	14044	22585	40497	40418	8440	18910	4551	36130	8142	121098	375000
NET NON-OPERATING INCOME	-15778	-42898	13553	-20489	-39549	-35155	185396	-16547	-2132	-34036	-4318	62541	50589
TOTAL NET INCOME (EXPENSE)	-208491	-20404	119691	-68079	-66556	31935	56291	-100024	92644	-87955	-117416	325674	-42690

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS

Date: July 30, 1996

The Board of Directors at its July 30, 1996 board meeting reviewed and accepted the BSWSD #363 financial statements as follows:


Statement of Condition as of 6-30-96

- Assets: \$ 2,978,499.67
- Liabilities: \$ 537,986.87
- Equity: \$ 2,440,512.80

2. Income Statement as of 6-30-96

- Gross Inc. \$ 324,172.00
- Gross Ex: \$ 200,092.00
- Net Inc. (Ex): \$ 124,080.00

/



Board Chair

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

**Regular Meeting -- July 16, 1996, 3:00 pm
BSOA Conference Room**

The Big Sky County Water & Sewer District No. 363 scheduled their regular monthly meeting for 3:00 pm on Tuesday, July 16, 1996, in the BSOA Conference Room. President Bill Ogle, Secretary Bill Neece, and Directors Wendall Ingraham, Dee Rothschiller, Harry Meabon, Stewart Peacock (arrived at 4:00 pm) and Skip Radick were present.

Others present were WSD staff Ron Edwards, Grant Burroughs and Marlene Kennedy; Lone Peak Lookout writer Ann Sniecinski; and individuals from the public Jim Schultz, Packy Cronin, Douglas Bing and Eric Ossorio.

President Ogle called the meeting to order at 3:25 pm.

MEMBERSHIP FORUM

Southfork Subdivision: Packy Cronin commented on the forecasting shown for Blue Grouse and South Fork in Table 3.0-1, Exhibit A of Ordinance 96-1001. Cronin stated the table for flows is of particular interest and gaining importance to him as the plan develops. Cronin asked if his development (Southfork) not included on the table would not be considered for future hookups. President Ogle responded saying "pretty much" unless it can be shown otherwise. If subdivided property was missed, or if the property was committed for capacity in the system, Cronin needs to address this in a letter to the District. Cronin stated he would draft such a letter to the Board with his request asking that the table be amended.

Meadow Village Commercial Center: Doug Bing said he submitted comments to Ron Edwards based on Meadow Village Center needs. Edwards said he has the comments and will review them along with the information from the Westfork meeting once the item comes up on the agenda.

Lone Mountain Ranch (LMR): Eric Ossorio said LMR is considering expansion for crew housing and the table shows that LMR has commitments to 39.2 SFE's. Ossorio asked if there is any buffer for expansion. President Ogle stated if LMR has plans for expansion not on the plan, the District will have to evaluate the conditions of the treatment facility and review on a case-by-case basis after everyone that has been in line (for example, 20 year planning commitments) has been taken care of. The LMR expansion is not, and has not been a matter of record so should not be given priority over Southfork for instance. Ogle asked Ossorio to also submit his comments to the Board in writing. Ossorio also wanted to know if the proposed zoning is tied into the plan. Ogle responded no, but that it would be a good idea to evaluate using the new zoning after it is approved.

Public comment ended at 3:50.

APPROVAL OF MINUTES OF JULY 9, 1996

The minutes of the July 9, 1996, Special Meeting were reviewed and approved as written. *Director Meabon moved to approve the July 9 minutes. Director Rothschiller*

seconded the motion. Motion carried, 5 yea votes to 0 no votes. President Ogle did not vote, Director Peacock was not present.

OPERATOR'S REPORT

Grant Burroughs provided a report on flows, flumes, lysimeters and showed a video on the topics. The June report with past years comparison for the same months was handed out to the Board. Burroughs and Edwards answered questions from Board members.

MODIFY AGENDA

Director Neece moved to modify the agenda to go to "Item V, A. Report on Meetings with Meadow Village Center and Westfork", on the agenda next. Director Rothschiller seconded the motion. Motion carried, 7 yea votes to 0 no votes.

SEWER USE ORDINANCE

Report on Meetings with Meadow Village Commercial Center (MVC) & Westfork Meadows (WF): Ron Edwards reported on the meetings and handed out a report to the Board along with Bing's MV comments.

MVC: The MVC tract is a planned unit development (PUD) which goes back to March 1993 and has preliminary county approval. The forecasting table 3.0-1 indicates no additional commitments. Bing submitted a letter to support his request for an additional 157 SFEs, including COS 409 where the Chace Building is located.

Edwards recommended waiting for final approval on the PUD before amending the table. Bing requested approval now based on the existing preliminary PUD approval and then modify SFEs when the final PUD is approved. Ogle said the Board needs to be protected and asked Board members how they wanted to assign a reasonable density- maybe even getting professional advice, very quickly, on engineering. Director Meabon suggested input from all board members and he is concerned with the proposed laundry at 45 SFEs. Meabon said he needs to think about sufficient use of SFEs before he makes a final recommendation. Director Rothschiller wants to review all concerns from all entities before acting on one.

Director Ogle verbally polled Board members asking if it was a reasonable projection that the total SFEs for MV would increase. All members said yes. Ogle then verbally polled Board members to find out if a substantial increase to SFEs would be made. All members responded yes.

WF: Edwards presented information from the Westfork Meadows meeting including a map of WF which indicated a conservative estimate as to the future SFEs that would be built on the remaining vacant lots. In the meeting, WF identified a need for an additional 340 SFEs bringing the committed total to 497. WF later decided to use the 1982 sewer dedication agreement (558 SFE's) as a basis for amending the table. Ogle recognized the agreement and noted that their objective is to come up with a workable

plan for everyone. Director Meabon noted that the table footnotes recognize the commitment even though the table shows 192 SFEs--that is where the concern is covered. Director Meabon commented that it is a commitment like the Westland other than the "peak flow" designation and Meabon says we need to use "peak flow." Edwards recommended to leave the table at 192.9 SFEs and reference the footnote. Ogle disagreed, preferring to use SFEs because the table is based on SFEs, and the Board should continue using SFEs. Jim Schultz said if the board decides to use the existing table, he sees a potential problem in the chart as it appears to limit the SFEs to WF. Schultz feels HKM did not do their job in planning SFEs for WF and was not aware of HKM working with WF landowners to make their projections.

Hidden Village. Edwards reported that the Hidden Village had written to dispute table 3.0-1 in total SFEs— it shows 142 units. HV supplied written evidence from RID approving a total of 195 units— an increase of 53 units. Director Meabon wanted to know what past RID President Wayne Hill committed to. Director Rothschiller thought that this commitment was 24 additional units. The board directed Edwards to review foundation documents and determine the total number of units and bedrooms. Director Meabon also wants to see/know what development has been approved by the State before an amendment is considered.

Tennis Court. Craig Reichstetter requested more SFEs for the tennis court as it is on the market for sale and he doesn't want to limit its salability. Reichstetter wants the District to plan for more SFEs than 1, as the table indicates. He submitted a memo requesting 65.52 SFEs allocated using a condominium tract calculation. President Ogle verbally polled the Board--non thought 1 SFE was reasonable. Some members thought 12 might be okay. Director Neece asked Mr. Reichstetter to come up with a plan on the proposed development so the Board doesn't over or under calculate SFEs. Director Peacock would like to see a consistent policy, developing a formula usable for all requests. Edwards said until zoning is in place, it would be hard to develop a such a policy. Ogle said the Board will decide on SFEs somewhere between 1 and 65.

Beaverhead: Craig Reichstetter requested more SFEs for Beaverhead Condominiums. Beaverhead units were approved for 68 by the RID in 1992, and the table shows 64.8 SFEs or 60 units. Total committed in the table is 60 units to 64.8 SFEs. Reichstetter submitted a letter from the RID which showed 68 units. He wants to add 8 units with 3 and 4 bedrooms and hot tubs. Director Radick said the SFEs on the table is incorrect— it should average 2.25 SFEs per unit which equals 153 SFEs for 28 additional units or adds an additional 88.20 SFEs. The Board consensus was to change the table to 68 units.

Other: Director Radick said to make sure the Board can accommodate those who have slipped through the cracks. Director Neece said there are many commitments that have existed for a long time and we cannot overlook these. Ogle wants the Board to deal with what is on the slate and then take care of future (3-5 years away) development later with amendments to the plan and table. Edwards suggested that zoning density be

used to clean up any discrepancies that may exist in the table. Edwards will provide a report on density, existing values on recreational properties, etc at a future meeting.

IAWP REPORT

Storage Pond Drainage & Liners: Per Hjalmarsen, C & H Engineering, provided an update on the storage pond in regards to high groundwater. He provided a map that designated groundwater, monitoring wells and proposed pond elevation. Well #1 is influenced by the pond. Groundwater is going down--most likely being influenced by the pond. Hjalmarsen said the question is will the groundwater impact the project? He proposed putting in a drain tile system to handle the groundwater, then the question is what do we do with the water that is collected.

Edwards noted that HKM looked at it also and made the same drain tile recommendation based on the uncertainty. It is estimated that a drain system under the trout pond is \$28,000 for the change order. *Director Meabon moved to approve an underliner drain in the trout pond based on estimates of \$28,000. Director Neece seconded the motion. Motion carried, 7 yea votes to 0 no votes.*

Hjalmarsen reported on hauling fill away and that the contract provides \$100,000 to do it. He said Big Sky Lumber will take the material and the contractor is willing to give it up, which will take \$100,000 off the bid price. When asked about a starting date of excavation, Hjalmarsen said VanDyke will be here Wednesday (7/17/96) to start.

Edwards stated the District will go with 60 mil liners on both ponds, which was an alternate bid item for \$112,000. Hjalmarsen reported that the 60 mil liner is not guaranteed. He said to go with a covered liner for warranty purposes would cost an estimated \$300-400,000. C & H Engineering does not recommend a covered liner and reported that the State probably would not recommend it either.

SRF Loan Closing: Edwards said he is shooting for Friday (7/19/96). He said it is boiler plate, canned, and recommended signing by Directors Ogle and Neece. Edward will overnight mail it on Wednesday.

Draft Engineering Contracts: Ron Edwards informed the board that he and Mona Jamison were working on the engineering contracts for the construction phase of the project.

SEWER USE ORDINANCE

Review and Adopt Sewer Use Ordinance: Edwards handed out the revised Ordinance dated 7/15/96. He reported that many people have contacted him for permits. If the Board decides to adopt the Ordinance, Edwards said the Board can amend the document to fine tune it at subsequent meetings. Edwards reviewed all revisions and made changes to the document from the Board input. One section added to included "Fees are required up front and if permits are denied, any remaining fees not spent on

the review process will be" reimbursed. The application form was also reviewed with Edwards noting where revisions were made and making further minor revisions from the Board's input. Edwards visions this as a triplicate form with one copy being posted at the job site. An actual permit will be issued if the application is approved.

Director Meabon moved to adopt the Sewer Use Ordinance 96-1001 excepting Exhibit A table 3.0-1 pending the managers recommendation on table 3.0-1. Director Radick seconded the motion. Motion carried, 7 yea votes to 0 no votes. President Ogle verbally polled all members, all members responded yea.

Ordinance 96-1002: Partial Lifting of RID 305 Moratorium: A draft of the Ordinance 96-1002 (drafted by Mona Jamison and Ron Edwards) was reviewed by the Board members. The draft ordinance was reviewed and revised by the Board. Director Meabon stated there were a few inaccuracies in the text about hookups. As written, the draft ordinance does not take care of the developments that were never noted in the RID moratorium or unimproved lots or unapproved subdivisions/projects not paying a fee. A recommendation was made to make a limited number (200) SFEs available for allocation at this time. President Ogle polled the board, all board members approved 200 SFEs to be noted in the Ordinance.

Director Meabon moved to suspend the requirement of three readings of Ordinance 96-1002. Director Ingraham seconded the motion. President Ogle called for discussion--no discussion. A voice vote was called by President Ogle. Voting yea were Directors Neece, Rothschiller, Peacock, Radick, Ingraham, Meabon and Ogle. Motion passed, 7 yea votes to 0 no votes.

Director Meabon moved to adopt the Ordinance 96-1002 as revised and pending appropriate legal review. Director Rothschiller seconded the motion. President Ogle called for discussion--no discussion. A voice vote was called by President Ogle. Voting yea were Directors Neece, Rothschiller, Peacock, Radick, Ingraham, Meabon and Ogle. Motion passed, 7 yea votes to 0 no votes. The Board directed Edwards to make the noted revisions to the Ordinance, have the revised document reviewed by legal counsel, Mona Jamison, and then to publish Ordinance 96-1002 in this Thursday's edition of the Lone Peak Lookout.

OTHER TOPICS

Summary of July 10, 1996, meeting in Helena with Department of Environmental Quality (DEQ) staff: Manager Edwards distributed a summary memo written by Mona Jamison of the meeting with representatives from DEQ on July 10, 1996. The Board reviewed the document and corrected the content for accuracy. No Board members had additional comments on the summary document.

EXECUTIVE SESSION

At 8:15 pm, Director Meabon moved to go from regular session into executive session to discuss the issues of the lawsuit settlement with Boyne and Grizzly Flats. Executive session was adjourned at 8:35 pm.

GRIZZLY FLATS

The hookup service to Grizzly Flats was discussed. Revision were made to the proposed settlement agreement.

NEXT MEETING

The next Board meeting will be held in a couple of weeks. It is tentatively scheduled for Tuesday, July 30, 1996, at 3:00 pm in the Sewer District's office.

ADJOURNMENT

Director Meabon moved to adjourn the meeting. Director Rothschiller seconded the motion. Motion passed, 7 yea votes to 0 no votes.

A handwritten signature in cursive script, appearing to read "W. F. Neece", is written over a horizontal line.

W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT. 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING July 9, 1996 - 3:00 PM

BSOA CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 PM on Tuesday, July 9, 1996, at the BSOA Conference Room. President Ogle, Secretary Neece, and Directors Ingraham, Rothschiller, Meabon and Radick were present. Director Peacock was not in attendance.

Others Present: Ron Edwards, Bill Dutton, Ann Sniecinski and many members from the public (see sign in sheet attached).

President Ogle called the meeting to order at 3:30PM

APPROVAL OF MINUTES OF July 2, 1996

The minutes of July 2, 1996 Special Meeting were reviewed with corrections and amendments noted. Director Meabon moved to approve the July 2, 1996 minutes as amended. Director Ingraham seconded the motion. Motion carried.

MEMBERSHIP FORUM

Manager Edwards explained the definitions of "Legal Obligation" and "SFE" and then addressed Article III Connections Permits and Fees, Article VII Sewer Extensions, and Article XI Appeals.

The public commented on several sections the proposed Wastewater Management & Service Charge Ordinance.

ADJOURNMENT

Director Rothschiller moved to adjourn meeting at 6:08 PM. Director Meabon seconded motion Motion carried to adjourn.



W. F. Neece, Secretary

PUBLIC SIGN IN SHEET

July 9 1996

Sewer Use Ordinance
No. 96-1001

Name

R.D. Evans

CHARL TOEPFFER

Bob Stover

Kirk Sipe

Long Bo A Bf

Jim Muscat

DAVE TAYLOR

Glen Swendsen

Craig Reichstetter

Russ Nelson

JIM SCHULTZ

Bob Biggershoff

Robert Paul

Ann Succurri

Jim Hadden

Paul A Cronin

Mike Cook

E. K. McBRIDE

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING July 2, 1996 - 3:00 PM

BSOA CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 PM on Friday July 2, 1996, the BSOA Conference Room. President Ogle, Secretary Neece, and Directors Ingraham, Rothschiller, Meabon and Peacock were present. Director Radick was not in attendance.

Others Present: Ron Edwards, Bill Dutton, Mae Nan Ellingson, and Ann Sniecinski

MEMBERSHIP FORUM

No comments came from the public.

APPROVAL OF MINUTES OF JUNE 28, 1996

The minutes of June 28, 1996 Special Meeting were reviewed and corrections and amendments were noted.

Director Rothschiller moved to approve the June 28, 1996 minutes as amended. Director Meabon seconded motion. Motion carried 4 yea votes to 0 nay votes.

ADOPTION OF BOND RESOLUTION 96-07

Manager Edwards reminded the Board that the bond resolution had been approved after first reading at the June 28 meeting and that the second reading would have to be waived in order to adopt the resolution. Mae Nan Ellingson, bond counsel from Dorsey & Whitney was introduced. She then presented Bond Resolution 96-07 to the Board of Directors and then reviewed the entire resolution with the Board.

Director Meabon moved to waive the third reading of the Bond Resolution 96-07. Director Peacock seconded the motion. Motion passed 5 yea votes to 0 nay votes.

Director Meabon moved to adopt the Bond Resolution 96-07. Director Rothschiller seconded the motion. A voice vote was called for by the Chair. Voting yea were Meabon, Ingraham, Neece, Rothschiller, Ogle, and Peacock. Motion passed 6 yea votes to 0 nay votes. Director Radick was absent.

Director Meabon moved to adopt the Corporate Banking Resolution 96-08 for Big Sky Western Bank to establish SRF Construction accounts conditioned upon the Financial Officer determining

that Big Sky Western Bank complies with Section 10.5 of Article 10 of Bond Resolution 96-07. Director Ingraham seconded the motion.

Director Neece moved to table the motion on resolution 96-08 in order to permit a waiver to the required policy for three readings. Meabon seconded the motion.

Director Peacock moved to waive the Board of Directors three reading requirement for Resolution 96-08. Director Rothschiller seconded the motion. Motion passed 5 yea votes to 0 nay votes.

Director Neece moved to re-establish the motion for Resolution 96-08 to the table. Director Meabon seconded the motion.

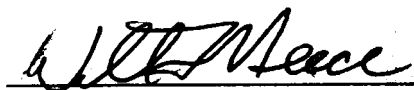
The Chair called for a voice vote on Resolution 96-08. Voting yea were Peacock, Rothschiller, Neece, Ingraham, Meabon, and Ogle. Motion passed 6 yea votes to 0 nay votes.

A public meeting will be held on Tuesday July 9, 1996 to hear comments on the Sewer Use Ordinance.

The next regular Board meeting will be held Tuesday July 16, 1996 at 3:00 PM in the Sewer District's Office.

ADJOURNMENT

Director Neece moved to adjourn. Director Rothschiller seconded the motion. The motion carried. The meeting was adjourned at 4:52 PM.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

*P.O. Box 160670, Big Sky, MT 59716
PHONE: (406)995-2660, FAX: (406)995-3053*

BOARD OF DIRECTORS -- SPECIAL MEETING

**Friday June 28, 1996, 1:00 pm
Sewer District Conference Room**

AGENDA

- I. Membership Forum - Harry Meabon
Call to Order**
- II. Approval of Minutes of June 18, 1996**
- III. Approval of Engineering Contracts**
- IV. Approval of Construction Contracts**
- V. SRF Bond Resolution**
- VI. Sewer Use Ordinance - Second Reading**

Any Other Business Which May Properly Come Before the Board

Adjourn



Ron Edwards, Manager

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING June 28, 1996 - 1:00 PM

WSD #363 CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 1: PM on Friday June 28, 1996, the WSD #363 Conference Room. President Ogle (arrived at 1:45 PM), Secretary Neece, and Directors Ingraham, Rothschiller, Meabon were present. Directors Radick and Peacock were not in attendance.

Others Present: Ron Edwards, Bill Dutton, Jim Muscat, Mike Wheat (He arrived at 2:45 PM).

MEMBERSHIP FORUM

No members from the public were present.

APPROVAL OF MINUTES OF JUNE 18, 1996

The minutes of June 18, 1996 Regular Meeting were reviewed and corrections and amendments were noted.

Director Ingraham moved to approve the June 18, 1996 minutes as amended. Director Neece seconded motion. Motion carried 4 to 0.

APPROVAL OF ENGINEERING CONTRACTS

Approval of the Engineering contracts was tabled until Mona Jamison reviews them for the District.

APPROVAL OF CONSTRUCTION CONTRACTS

Director Neece moved to approve the \$1,436,000.00 construction contract for Williams Brothers, Construction for the Waste Water Treatment Plant dated July 1, 1996 with completion November 1, 1997. Director Meabon seconded the motion. A voice vote was called for by the Chair. Voting yea were Directors Rothschiller, Ingraham, Neece, Meabon and Ogle. No nay votes were cast. Motion passed 5 to 0.

Director Neece moved to approve the \$1,128,291.39 construction contract for Van Dyke Construction for the Storage Pond Expansion dated July 1, 1996 with completion November 1, 1997. Director Meabon seconded the motion. A voice vote was called for by the Chair. Voting yea were Directors Rothschiller, Ingraham, Neece, Meabon and Ogle. No nay votes were cast. Motion passed 5 to 0.

Director Neece moved to approve the \$1,232,300.00 construction contract for Huppert Brothers Construction for the Golf Course Irrigation System dated July 1, 1996 with completion October 31, 1996. Director Meabon seconded the motion. A voice vote was called for by the Chair. Voting yea were Directors Rothschilder, Ingraham, Neece, Meabon and Ogle. No nay votes were cast. Motion passed 5 to 0.

SRF BOND RESOLUTION

Director Meabon moved to approve the first reading of the Bond Resolution conditioned with review by manager Edwards and financial counsel Gene Huntington for Dain Bosworth. Motion was seconded by Director Rothschilder.

The motion was amended to include "as drafted by counsel, reviewed and signed off in writing by our financial counsel Gene Huntington" A voice vote for the amendment was called for by the Chair. Voting yea were Directors Rothschilder, Ingraham, Neece, Meabon and Ogle. No nay votes were cast. Motion passed 5 to 0.

Director Neece moved to waive the three reading requirement for the SRF Bond Resolution. Director Meabon seconded the motion. A voice vote was called for by the Chair. Voting yea were Directors Rothschilder, Ingraham, Neece, Meabon and Ogle. No nay votes were cast. Motion passed 5 to 0.

Director Neece moved to approve the Resolution as amended. Director Ingraham seconded. A voice vote was called for by the Chair. Voting yea were Directors Rothschilder, Ingraham, Neece, Meabon and Ogle. No nay votes were cast. Motion passed 5 to 0.

SEWER USE ORDINANCE (Second reading)

Director Neece moved to approve the second reading of the Sewer Use Ordinance. Director Ingraham seconded. A voice vote was called for by the Chair. Voting yea were Directors Rothschilder, Ingraham, Neece, Meabon and Ogle. No nay votes were cast. Motion passed 5 to 0.

EXECUTIVE SESSION

President Ogle took the board into Executive session.

RECONVENED SPECIAL MEETING

President Ogle reconvened the Special meeting at 6:25 PM.

Director Meabon moved to authorize the President to sign the Settlement In Principle for Boyne vs. RID 305/WSD 363 its successors or assigns. Director Ingraham seconded the motion. A voice vote was called for by the Chair. Voting yea were Directors Rothschiller, Ingraham, Meabon and Ogle. Director Neece abstained from voting. No nay votes cast. Motion passed 4 to 0.

ADJOURNMENT

Director Neece moved to adjourn. Director Rothschiller seconded the motion. The motion carried.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

REGULAR MEETING - June 18, 1996 - 3:00 P.M.

BSOA CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 P.M. on Tuesday, June 18, 1996, in the BSOA Conference Room. President Ogle, Secretary Neece, and Directors Ingraham, Radick and Rothschiller were present. Vice President Meabon and Director Peacock were not present.

Others Present: Ron Edwards, Bill Dutton, Patricia Burke, Grant Burroughs, Jim Muscat, Mike Wheat, Ann Sniecinski, Sarah Bickerstaff, Josephine Dorsch, Larry Wade, Jim Hutchinson, Scott Foster and Denise Tuohy.

MEMBERSHIP FORUM

As President Ogle would be arriving late, Secretary Neece opened the meeting to public comment.

Various questions from the public regarding the sewer rate increase, impact fees, hook-up fees, reserve account and lifting of the state and district imposed moratoriums were addressed.

Upon the arrival of President Ogle, Secretary Neece turned the meeting over to him.

1996/97 BUDGET HEARING

Public Comment Forum

President Ogle opened the 1996/97 Budget Hearing to public comment. As most issues were addressed during the public forum, there were no further comments. President Ogle asked for any comments or recommendations from the board.

Motion was made by Secretary Neece to waive the three readings of Resolution 96-06 **APPROVING THE 96-97 FINAL BUDGET**. The motion was seconded by Director Radick and the motion carried, 4 to 0.

Motion was made by Secretary Neece to accept and approved **RESOLUTION 96-06 APPROVING THE FINAL BUDGET** as presented. The motion was seconded by Director Rothschiller and passed unanimously 5 to 0 by individual voice vote. Vice President Meabon and Director Peacock were not present for the vote.

June 18, 1996

APPROVAL OF MINUTES OF JUNE 6 & 11, 1996

The minutes from the June 6, 1996 Special Meeting were reviewed and corrections and amendments were noted.

Motion was made by Director Radick to approve the June 6, 1996 minutes as amended and the motion was seconded by Director Rothschiller. The motion carried.

The minutes from the June 11, 1996 Special Meeting were reviewed and corrections and amendments were noted.

Motion was made by Director Rothschiller to approve the June 11, 1996 minutes as amended and the motion was seconded by Secretary Neece. The motion carried.

FINANCIAL REPORT - BILL DUTTON

Bill Dutton reported on the cash at hand and the status of delinquent sewer accounts at 30 days past due and those 90 days past due. He reported that delinquent notices have been sent out and the next step for collection would be to notice delinquent accounts that within 30 days, their unpaid sewer assessments will be added to the tax rolls.

President Ogle suggested contacting the customers with delinquent accounts via telephone prior to adding them to the tax roll.

The issue of a reserve account was revisited. President Ogle stressed the importance of establishing a reserve account and Secretary Neece stated that he felt 20% should be designated for operational expenses.

Bill Dutton stated that to date he has sent out 14 requests for internal audit bids with an option for a one or three year contract. Two responses has been received at this time. He also reported that all accounts are balanced as of 5/31/96 and reconciled.

Bill Dutton referred to the monthly financial statements approval form and asked for board approval.

Motion was made by Director Radick to approve the monthly financial statement and the motion was seconded by Director Ingraham. The motion carried 4 to 0.

OPERATOR'S REPORT - GRANT BURROUGHS

June 18, 1996

Grant Burroughs presented a comprehensive flow comparison for May and June. He reported that the flows were lower than last year at the same time.

Grant reported that he and Jim Muscat are continuing their work on identifying foundation drains and they are currently waiting for the arrival of the camera to TV the lines. He referred to a draft of a letter to be used as a form letter for notifying district residents of foundation drains and the district's position on financial responsibility in fixing them.

Director Radick suggested including a deadline for fixing the foundation drains at the district's expense and including language which would inform the resident that it is only the intention of the district to fix the foundation drain and not to maintain it on an ongoing basis.

Additionally, Grant and Jim are working on two manholes on the mountain which are leaking badly.

Grant presented a water analysis of the trout pond effluent which showed that the chloroform level was non-existent. He reported that the high pH level was due to the algae content in the pond.

INTERIM ACTION WORK PLAN

Manager Edwards reported that he received the authorization to award from Todd Teagarden on Friday, June 14, 1996 and that the contracts should be signed by the end of the week.

There will be a pre-construction meeting on Monday, June 24, 1996 at 10:00 A.M. Manager Edwards has asked all representatives of public utilities and contractors to attend.

Manager Edwards stated that he is making attempts to secure staging areas in Big Sky during construction - i.e. - BSOA property and the Big Sky Chapel site.

Motion was made by Director Radick to authorize Manager Edwards to accept the Statement of Qualification of C&H Engineering for construction phase engineering services for the storage pond project based on their experience, scope of services offered, qualifications, and familiarity with the project. The motion was seconded by Secretary Neece and the motion carried 4 to 0.

SEWER USE ORDINANCE (1ST READING)

Manager Edwards stated that he met with Mona Jamison in Helena to review the sewer use ordinance to fine tune the legal language on various articles.

June 18, 1996

It was the consensus of the board to have another work session to finalize the amendments and additions to the ordinance before beginning the application for connection process.

Motion was made by Director Radick to accept the Big Sky County Water & Sewer District No. 363 Wastewater Management & Service Charge Ordinance No. 96- __ on the first reading and the motion was seconded by Secretary Neece. The motion carried 5 to 0.

OTHER BUSINESS WHICH MAY COME PROPERLY BEFORE THE BOARD

Manager Edwards referred to a letter regarding consolidated billing for Hidden Village quarterly sewer user fees. The HV Association states that unless the district can bill them approximately three weeks prior to the rest of the district billing they cannot participate in billing of associations. Manager Edwards and Bill Dutton agreed to accommodate their request by sending their billing out three weeks prior to the regular billing cycle.

Director Rothschiller suggested that the Hidden Village Association members should be notified of the consolidated billing method.

ADJOURNMENT

Motion to adjourn was made by Secretary Neece and seconded by Director Rothschiller. The motion carried.

There being no further business, President Ogle adjourned the meeting to the Executive Session.


W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS

Date:

The Board of Directors at its regular board meeting reviewed and accepted the BSWSD #363 financial statements as follows:

1. Statement of Condition as of 5-31-96

• Assets: \$ 2,824,868 ✓
• Liabilities: \$ 510,273 ✓
• Equity: \$ 2,314,595 ✓

2. Income Statement as of 5-31-96

• Gross Inc: \$ 3,800
• Gross Ex: \$ 122,410
• Net Inc. (Ex): \$ -118,611

*Radick
INGRAM*


Financial Officer


Board Chair

Budget Hearing
6/18/96

Ann Smurksi

Josephine Dondi (58)

Larry Cress

Jim Fultz

Scott Foster

Denise Suohy

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING - June 11, 1996 - 10:30 A.M.

The Baxter - Bozeman

The Big Sky County Water & Sewer District No. 363 met at 10:30 a.m. on Tuesday, June 11, 1996, at the Baxter Inn in Bozeman. President Ogle, Vice President Meabon, Secretary Neece, and Directors Ingraham, Radick and Rothschiller were present. Director Peacock was absent.

Others Present: Ron Edwards and Patricia Burke.

MEMBERSHIP FORUM

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

APPROVAL OF MINUTES

Minutes were not available.

NEW BUSINESS

Sewer Use Ordinance Work Session

A work session on various articles of the proposed ordinance took place. Changes and amendments were noted. Various topics of discussion were: transferability, "equal treatment" of Boyne properties, validity of permit, authorization for approving sewer connections, connection and impact fees, hot tubs, and septic tanks.

Mona Jamsion will insert legal language as needed and get back to Manger Edwards with a final draft.

ADJOURNMENT

The meeting was adjourned.



W.F. Neece, Secretary

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DISTRICT #363

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BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING - June 6, 1996 - 3:00 P.M.

BSOA CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 p.m. on Thursday, June 6, 1996, in the BSOA Conference Room. President Ogle, Secretary Neece, and Directors Ingraham, Radick and Rothschiller were present. Vice President Meabon and Director Peacock were absent.

Others Present: Ron Edwards, Bill Dutton, Patricia Burke, Grant Burroughs and Anne Sniecinski.

MEMBERSHIP FORUM

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

APPROVAL OF MINUTES

The minutes from the meeting of May 14, 1996 were read and amended.

Motion was made by Director Rothschiller to approve the minutes as amended. The motion was seconded by Director Ingraham and the motion carried, 4 to 0.

The minutes from the meeting of May 28, 1996 were read and amended.

Motion was made by Director Radick to approve the minutes as amended. The motion was seconded by Secretary Neece and the motion carried, 4 to 0.

CANVAS JUNE 4, 1996 - BOND ELECTION VOTES

The votes for the June 4, 1996 Bond Election were verified by the Financial Officer, Bill Dutton, prior to the meeting. He verified the count of the tally sheets and the poll book and confirmed a total of four hundred and twenty six (426) votes and one (1) unmarked ballot.

Director Ingraham verified the count in the poll book while Secretary Neece verified the tally sheets and both confirmed a total of 426 and one unmarked ballot. There were 449 votes counted including 22 voids.

June 6, 1996

Motion was made by Director Radick that the votes were verified and noted the discrepancy of two marks on the tally sheet noting 4 votes instead of 5 and noted that the fifth mark was a mistake.

RESOLUTION 96-04 - AUTHORIZE SIGNING OF FINANCIAL COMMITMENT AGREEMENT

Manager Edwards referred to the draft of Resolution 96-04 and asked for amendments and comments. He stated that this resolution is the first step for obtaining the SRF loan. Once the loan is awarded, a transcript of the bond election certification of election results would be submitted before final approval. The payment request will then be forwarded to the DNRC on June 21, 1996 and the closing would be on July 2, 1996.

The construction contracts and signed notices of award require board signatures before the engineering firms notify the construction companies to proceed with construction.

RESOLUTION 96-04

Manager Edwards asked for review and amendments to Resolution 96-04. Amendments were noted.

Motion was made by Secretary Neece to waive the three readings for Resolution 96-04 in order to proceed with the signing of the Resolution and to vote to move toward the approval of the Commitment Agreement for submittal to the state. The motion was seconded by Director Radick and the motion carried, 4 to 0.

Director Radick questioned the results of Ken Williams' letter of protest to the bid process. Manager Edwards stated that he has responded to Mr. Williams in a letter and that to date he has had no indication from the state that any problem exists and that he expects the state to sign-off on the bid the beginning of next week.

Motion was made by Secretary Neece to accept Resolution 96-04 with the cited amendments in its entirety. The motion was seconded by Director Radick and an individual vote was unanimous, 5 to 0. Vice President Meabon and Director Peacock were absent.

President Ogle stated that accepting the lowest bid was not required and discussion regarding the three bids ensued. Manager Edwards read a letter to the board from C&H Engineering which stated that after re-evaluation, C&H recommended VanDyke for construction of the storage pond and that they were standing by their original bid.

June 6, 1996

Motion was made by Director Ingraham to authorize the board and the representatives to proceed with the commitment agreement. The motion was seconded by Director Rothschiller and the motion carried, 4 to 0. Vice President Meabon and Director Peacock were absent and President Ogle abstained from the vote.

RESOLUTION 96-05

Manager Edwards stated that its time to line up the contractors. He referred to the draft of Resolution 96-05 which authorizes the engineer to take the low bids and for President Ogle and Manager Edwards to sign the notice of awards.

Motion was made by Director Rothschiller to rescind the required three readings of Resolution 96-05 and the motion was seconded by Secretary Neece. The motion carried 4 to 0.

President Ogle reminded the board that they are not committed to accept the low bid and if anyone present has any second thoughts to speak out and make another recommendation. Discussion regarding the three qualified bidder ensued.

Motion was made by Director Radick to accept Resolution 96-05 and the motion was seconded by Director Rothschiller. The voice vote was unanimous, 5 to 0. Vice President Meabon and Director Peacock were absent.

Motion to approve the Certificate was made by Secretary Neece and seconded by Director Ingraham. The motion carried, 4 to 0.

ANY OTHER BUSINESS WHICH MAY COME PROPERLY BEFORE THE BOARD

Manager Edwards referred to the draft of the Big Sky County Water & Sewer District No. 363 Wastewater Management & Service Charge Ordinance No. 96 _____. He asked for the board to be prepared to review the document for changes and amendments for a work session/ meeting on June 11, 1996.

Manager Edwards stated that the next regular meeting of the board is scheduled for June 18, 1996 at 3:00 p.m. in the district conference room.

June 6, 1996

ADJOURNMENT

Motion for adjournment was made by Director Rothschiller and seconded by Secretary Neece and the motion carried.

There being no further business, President Ogle adjourned the meeting to the Executive Session.



W.F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

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BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING - May 28, 1996 - 1:45 P.M.

BSOA CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 P.M. on Tuesday, May 28, 1996, in the BSOA Conference Room. President Ogle, Vice President Meabon, Secretary Neece, and Directors Ingraham Peacock, Radick and Rothschiller were present.

Others Present: Ron Edwards, Bill Dutton, Jim Muscat, Patricia Burke, Grant Burroughs, Ray Armstrong, John Brown, Eric Ossorio and Anne Sniecinski.

MEMBERSHIP FORUM

As President Ogle would be arriving late, Vice President Meabon opened the meeting to public comment. There being no public comment, Vice President Meabon called the meeting to order.

BID OPENINGS

Vice President Meabon stated that 2:00 p.m. would be the cut off time for receipt of bids for the filtration plant and 3:00 p.m. for the storage pond bids. Vice President Meabon turned the meeting over to Manager Edwards.

Manager Edwards stated that by his watch it was 1:59 p.m. and that in one minute receipt of bids would be closed and submitted bids would be opened. At 2:00 p.m. he stated the following bids had been received:

1. Van Dyke Construction on 5/28/96 at 1:49 p.m
2. Williams Plumbing & Heating on 5/28/96 at 1:50 p.m.
3. William Brothers Construction on 5/28/96 at 1:50 p.m.

Manager Edwards asked Ray Armstrong of HKM Engineering to open the bids for the filtration plant. Ray Armstrong opened the three bids and cited the information as follows:

1. **Van Dyke Construction - Bid for filtration plant and ponds**
 - a. Bid was attached
 - b. Schedule #1 - \$1,711,000
 - c. Deduct was \$3,000
 - d. Schedule #3 - \$3,000

May 28, 1996

2. Williams Brothers Construction

- a. Acknowledged addendum
- b. Bid bond attached
- c. Schedule #1 - \$1,436,000
- d. No deduct
- e. Schedule #3 - \$5,000

3. Williams Plumbing & Heating

- a. Acknowledged addendum
- b. Bid bond attached
- c. Schedule #1 - \$1,898,000
- d. No deduct
- e. Schedule #3 - \$20,000

Motion was made by Director Ingraham to direct the engineers to tabulate the filtration plant bids, examine the qualifications of each bidder, and make a recommendation on the bids no later than 5:00 p.m. on May 31, 1996. The motion was seconded by Secretary Neece and the motion carried.

MINUTES

The minutes from the May 7, 1996, board meeting were reviewed and amendments were noted.

Motion was made by Director Ingraham to approve the minutes of May 7, 1996 as amended and the motion was seconded by Director Radick. The motion carried.

FINANCIAL REPORT - BILL DUTTON

Bill Dutton presented a draft of a public notice for the FY96-97 budget hearing. Changes and amendments were noted. He stated that the final budget had to be adopted by July 1, 1996.

As President Ogle entered the meeting, Vice President Meabon turned the meeting over to him.

Motion was made by Vice President Meabon to adopt the final budget and set the public hearing on June 18, 1996. The motion was seconded by Secretary Neece and the motion was unanimous, 5 to 0.

Manager Edwards stated that the district needed to establish a purchase order policy and asked for the board to establish a cut-off amount which would require board approval.

May 28, 1996

Discussion: Vice President Meabon stated that the budget is a guideline and that he felt that only purchases not included in budgeting would require board approval. President Ogle stated that management is capable of making such decisions and that board approval for purchases would be tedious and time consuming.

Motion was made by Vice President Meabon for the district to set a limit for capital expenses and service items and items over the budgeted amount, not to exceed \$5,000, to be approved by the Board. The motion was seconded by Secretary Neece and the motion carried, 5 to 0.

Bill Dutton reported that the second request for Resort Tax is ready to be submitted to Mike Richards, Big Sky Western Bank, in the amount of \$64,000 for well sampling, spray irrigation and legal costs leaving a balance of approximately \$119,000.

Motion was made by Director Radick for the second request in the amount of \$64,257.01 for Resort Tax reimbursement be submitted to the Resort Tax Committee Chairman, Mike Richards. The motion was seconded by Secretary Neece and the motion carried, 5 to 0.

MONTHLY OPERATIONAL REPORT - GRANT BURROUGHS

Grant Burroughs presented the comparison of May flows of 1995 and 1996.

He discussed the Lone Mountain Guest Ranch pipeline leaks and stated that approximately 750 feet of pipe between manholes needs to be replaced.

3:00 P.M. - C & H STORAGE POND BID

Manager Edwards interrupted Grant's report and stated that it was 3:00 p.m. and that the receipt of bids for the storage ponds was closed. He stated that three bids had been received as follows:

1. JTL - Belgrade on 5/28/96 at 2:30 P.M.
2. PEC Inc. - Helena on 5/28/96 at 2:44 P.M.
3. Van Dyke Construction - Bozeman on 5/28/96 at 2:45 P.M.

Manager Edwards stated that the bids would be opened by Per Hjalmaarson of C&H Engineering. Per opened the bids and reported the following:

Van Dyke Construction -

- a. Bid bond included
- b. Acknowledged Addendums 1 & 2
- c. Base Bid \$1,138,416.39
- d. Alternate Bid \$554,018.75 for a total of \$1,692,435.14

May 28, 1996

PEC Inc.

- a. Acknowledged Addendums 1 & 2
- b. Bond enclosed
- c. Base Bid \$1,837,821.00
- d. Alternate Bid \$869,355.50 for a total of \$2,707,176.50

JTL

- a. Addendums 1 & 2 Acknowledged
- b. Bid bond enclosed
- c. Base bid \$2,478,409.44
- d. Alternate bid \$1,910,013.05 for a total \$3,570,322.49

Motion was made by Secretary Neece to direct the engineers to tabulate the storage pond bids, examine the qualifications of each bidder, and make a recommendation on the bids no later than 5:00 p.m. on May 31, 1996. The motion was seconded by Vice President Meabon and the motion carried, 5 to 0.

Operator's Report - con't.

Grant Burroughs resumed his operator's report. He stated that the flows are way below the May 1995 flows. He expressed the need to TV the lines for leak detection and it was the general consensus of the board to move forward with identifying the problem areas and estimating costs to expedite the necessary repairs.

The issue of foundation drains was discussed. Vice President Meabon stated that he felt a public notice and establishing an amnesty date was crucial prior to fixing the problem.

Eric Ossorio offered suggestions to the board for approaching residents within the district who might have foundation drains.

Vice President Meabon suggested drafting a foundation drain ordinance.

Grant Burroughs stated that at this time the golf course is too wet to irrigate and that the lysimeters are not working properly at this time. Ray Armstrong of HKM Engineering explained the problems with the lysimeters and stated that parts would be replaced.

President Ogle asked Ray Armstrong for formal correspondence on the problems with the lysimeters and HKM's intentions to correct the problems. Director Radick also asked that a time frame for repairs be included in the formal communication from HKM.

May 28, 1996

Grant Burroughs stated that all is set to go with the flume as soon as it arrives. He also reported that to date, South Fork Subdivision has laid approximately 850 feet of pipe.

DISTRICT LAND EXCLUSION

Manager Edwards stated that letters had been mailed to the three (3) Petitioners, Kass, Erwin and McBride, notifying them of the date of the Board meeting during which the Board would grant or deny their Petitions. Manager Edwards also stated that the legal notices for the actual hearings on the Petitions conducted by the Board on May 7, 1996, had been properly carried out. Attorney John Brown stated that, pursuant to the Montana Code Annotated, the Petitioners did not have to be present for the Board to take action on their Petitions. The Board was not legally required to provide the Petitioners with notice of the meeting, but did so anyway out of courtesy.

Attorney Brown explained his May 20, 1996, memorandum to the Board concerning the statutory standard to be applied by the Board to grant or deny the subject Petitions to Exclude. Attorney Brown emphasized that pursuant to Montana Code Annotated 7-13-2346, each Petitioner had the burden of showing either that it would be in the District's best interest if the subject real property were excluded, or that the subject real property would not be benefited by continued inclusion in the District.

A. Kass Petition.

Motion was made by Vice President Meabon to bring from the table the original Motion made by Vice President Meabon and seconded by President Ogle to deny Alan Kass' Petition requesting exclusion of his real property from the district.

Vice President Meabon spoke in favor of his Motion to deny the Kass Petition and read into the record the following statement of facts supporting his Motion:

1. Alan and Betty Kass filed a Petition dated March 20, 1996, requesting exclusion of their two parcels of real property from the Big Sky County Water & Sewer District No. 363. The Kass' parcels are located in the SE 1/4 NE 1/4 of Section 31, Township 6 South, Range 4 East, Gallatin County, Montana.
2. Mr. and Mrs. Kass requested that their parcels be excluded from District on the following grounds: (a) no notice was given to Mr. and Mrs. Kass when the District was being planned; (b) Mr. and Mrs. Kass had no opportunity to vote with neighboring property owners for inclusion or exclusion prior to the District's formation; (c) Mr. and Mrs. Kass claim that the Gallatin County Commissioners did not respond to their timely request for exclusion; (d) Montana law is clear that property not benefited may be excluded by the verified petition of the property owner; (e)

May 28, 1996

the Kass Petition states that the Kass parcels are not benefited in any manner because the parcels already have adequate water and sewer facilities and that the designation of "benefited" ignores that fact, is arbitrary, and can be challenged; (f) the hesitancy of the District to exclude their parcels because of possible future petitions is an indeterminate and undefined reason and outside Montana Code Annotated 7-13-2344 detailing exclusion.

3. Upon receiving the Kass Petition, the District scheduled a public hearing on the Petition for 3:00 p.m. on May 7, 1996, within the time period required by Montana Code Annotated 7-13-2345. Proper legal notice of the hearing was published as required by Montana Code Annotated 7-13-2345. The District also sent Mr. and Mrs. Kass a letter dated April 23, 1996, informing them of the May 7, 1996, hearing.

4. Mr. Kass presented testimony at the May 7, 1996, hearing in support of his Petition.

5. Big Sky County Water & Sewer District No. 363 is a body politic and was duly incorporated according to the laws of the State of Montana, and was certified by the Montana Secretary of State on August 5, 1993.

6. A Petition to create the Big Sky County Water and Sewer District No. 363 for the Gallatin County Portion of the District was presented to a regular meeting of the Gallatin County Board of Commissioners and was certified by the Gallatin County Clerk and Recorder as having the required signatures pursuant to Montana Code Annotated 7-13-2204.

7. A Petition to create the Big Sky County Water and Sewer District for the Madison County portion of the District was presented at a regular meeting of the Madison County Board of Commissioners and was certified by the Madison County Clerk and Recorder as having the required signatures pursuant to Montana Code Annotated 7-13-2204.

8. Notice of the Petitions submitted to each County was published by each County as required by Montana Code Annotated 7-13-2205.

9. On April 27, 1993, a joint hearing on the Petitions was held by the Madison County Commissioners and the Gallatin County Commissioners pursuant to Montana Code Annotated 7-13-2206, at which hearing the County Commissioners heard the Petitions, together with written protests filed prior to the hearing, and all competent and relevant testimony offered in support of, and in opposition to the Petitions.

10. The Madison County Commissioners and the Gallatin County Commissioners each determined that the Petitions complied with the requirements of Title 7, Chapter 13, Parts 22 and 23, Montana Code Annotated.

May 28, 1996

11. The Madison County Commissioners and the Gallatin County Commissioners each considered the boundaries of the proposed District, and defined the established the boundaries to include real property which would be benefited by inclusion in the District and to exclude real property which, in the judgment of the County Commissioners, would not be benefited by inclusion in the District.
12. Montana Code Annotated 7-13-2208 requires that upon final determination of the boundaries of the District, the County Commissioners were to give notice of an election to be held in the District to form the District and to elect directors for the District. The required election was held on July 26, 1993, and the qualified electorate voted in favor of forming the new District.
13. The newly formed Big Sky County Water and Sewer District No. 363 is larger in area than its predecessor, Rural Improvement District No. 305.
14. The District has a legal obligation to provide sewer service to serve all of the Westland Properties located in Section 1, Township 7 South, Range 3 East, and Section 31, Township 6 South, Range 4 East, pursuant to the District Court Order dated June 2, 1989.
15. The Westland Properties within the District and located in Section 31, Township 6 South, Range 4 East, abut the North and West sides of the Kass property.
16. The District is currently operating under a Compliance Order issued by the Montana Department of Environmental Quality (DEQ) which prohibits new connections to the District's sewer system.
17. The District has submitted plans and engineering drawings to the DEQ for its review and approval for an Interim Action Work Plan (IAWP). The District has received final approval from the DEQ for these plans and engineering drawings.
18. The District has developed a financing plan for funding the IAWP.
19. The District will hold a bond election on June 4, 1996, for the qualified electorate within the District.
20. If the bond election is successful, the District will be able to proceed to implement the IAWP. The District anticipates that the DEQ will permit new connections to the District sewer system.

21. The District has a responsibility to protect surface water and sub surface water within the District's boundaries and any other waters which may be effected.

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22. It is the District's long-term goal to offer sewer service to all property owners within the District and therefore assure the protection of the State's water.

23. The anticipated expansion and improvement of the District 's sewer service will enhance property values for all parties who own real property within the District. Thus all real property within the District will be benefited by continued inclusion in the District.

24. Under such circumstances, the Kass real property will be benefited by continued inclusion in the District and thus the Kass Petition should be denied.

President Ogle opened discussion of the Motion to deny the Kass Petition and stated that the introductory statements of fact cited by Vice President Meabon could serve as the basis for review of all future land exclusion Petitions and should be included in the Minutes. Attorney Brown stated that Vice President Meabon's statements of facts were appropriate and proper to establish the general factual contest in which the Kass Petition and all other Petitions filed or to be filed could be considered. Thereafter, the Board engaged in a discussion of the Kass Petition, the grounds for the Petition, the testimony presented at the hearing by Mr. Kass in support of the Petition, the questions raised at the hearing, the facts stated by Vice President Meabon supporting his Motion to deny the Petition, and the applicable Montana statutes. The consensus of the Board was that the Kass parcels would be benefited by continued inclusion in the District.

After discussion, the Motion to deny the Kass Petition passed unanimously on a 5 to 0 vote.

Director Rothschiller entered and joined the meeting in progress.

B. Erwin Petition

Motion was made by Vice President Meabon to bring from the table the original Motion made by Vice President Meabon and seconded by President Ogle to deny Bill Erwin's Petition requesting exclusion of his real property from the District.

Vice President Meabon spoke in favor of his Motion to deny the Erwin Petition. Vice President reiterated the applicable statements of fact cited by him in support of his Motion to deny the Kass Petition and read in the record the following additional statements of facts supporting his Motion to deny the Erwin Petition:

1. William H. Erwin filed a Petition dated March 20, 1996, requesting exclusion of his two (2) parcels of real property from the Big Sky County Water & Sewer District No. 363. The Erwin

parcels are located in the SE 1/4 NE 1/4 of Section 31, Township 6 South, Range 4 East, Gallatin County, Montana.

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2. Mr. Erwin requested that his parcels be excluded from the District on the following grounds:

(a) Mr. Erwin's real property consists of two (2) contiguous parcels located 1/4 mile more or less east of the District's present sewer ponds; (b) Mr. Erwin's parcels are not benefited in any manner by the District or their continued inclusion in the District because no services are provided to the parcels by the District and no services are provided are planned in the future for the benefit of the parcels. The parcels are below the District's treatment facilities and it would not be economically feasible for the District to construct lift stations and sewer lines to serve the parcels. The parcels are located on the outer boundary of the District.

3. Upon receiving the Erwin Petition, the District scheduled a public hearing on the Petition for 3:00 p.m., on May 7, 1996, within the time period required by Montana Code Annotated 7-13-2345. Proper legal notice of the hearing was published as required by Montana Code Annotated 7-13-2345. The District also sent Mr. Erwin a letter dated April 23, 1996, informing him of the May 7, 1996, meeting.

4. Mr. Erwin presented testimony at the May 7, 1996, hearing in support of his Petition.

5. The District has a legal obligation to provide sewer service to the Wetland Properties located in Section 1, Township 7 South, Range 3 East and Section 31, Township 6 South, Range 4 East. The Westland Properties abut the west side of the Erwin real property.

6. The anticipated expansion and improvement of the District's sewer service will enhance property values for all parties who own real property within the District. Thus all real property within the District will be benefited by continued inclusion in the District.

7. Under such circumstances, the Erwin real property will be benefited by continue inclusion in the District.

Thereafter, the Board engaged in a discussion of the Erwin Petition, the ground for the Petition, the testimony presented at the hearing by Mr. Erwin in support of the Petition, the questions raised at the hearing, the facts stated by Vice President Meabon supporting his Motion to deny the Petition, and the applicable Montana statutes. The consensus of the Board was that the Erwin parcels would be benefited by continued inclusion in the District.

After discussion, the Motion to deny the Erwin Petition passed unanimously on a 6 to 0 vote.

May 28, 1996

C. McBride Petition.

Motion was made by Vice President Meabon to bring from the table the original Motion made by Vice President Meabon and seconded by President Ogle to deny Robert McBride's Petition requesting exclusion of his real property from the District.

Vice President Meabon spoke in favor of his Motion to deny the McBride Petition. Vice President Meabon reiterated the applicable statements of fact cited by him in support of his Motion to deny Kass and Erwin Petitions and read into the record the following additional statements of facts supporting his Motion to deny the McBride Petition:

1. Robert McBride filed a Petition dated March 27, 1996, requesting exclusion of his five (5) acre parcel of real property from the Big Sky County Water & Sewer District No. 363. The McBride parcel is located in the SE 1/4 NE 1/4 of Section 2, Township 7 South, Range 3 East, Gallatin County, Montana.
2. Mr. McBride requested that his parcels be excluded from the District on the following grounds: (a) the McBride parcel is adjacent to home sites which are not included in the District; (b) the single-family residence located on the parcel was built in 1967 and has a functioning and properly installed septic tank; (c) the soils on the McBride parcel are such that they can accept drainfields from the septic system; (d) there are no creeks or rivers flowing across the parcel; (e) the ground water table of the parcel lies well below the septic system drainfield; (f) the parcel has an existing well which is located over one hundred (100) feet from the drainfield.
3. Upon receiving the McBride Petition, the District scheduled a public hearing on the Petition fro 3:00 p.m., on May 7, 1996, within the time period required by Montana Code Annotated 7-13-2345. Proper legal notice of the hearing was published as required by Montana Code Annotated 7-13-2345. The District also sent Mr. McBride a letter dated April 23, 1996, informing him of the May 7, 1996, hearing.
4. Mr. Robert McBride was not present at the hearing, but his brother, Donald McBride, presented testimony at the May 7, 1996, hearing in support of the Petition.
5. The McBride parcel has been included within the boundaries of the District and its predecessor, RID 305, since 1973.

6. The District is currently reviewing a request by the developer of the South Fork Subdivision in the NE 1/4 Section 2, Township 7 South, Range 3 East to obtain sewer service for the South Fork Subdivision. This Subdivision abuts the North, East and West sides of the McBride parcel.

May 28, 1996

7. The anticipated expansion and improvement of the District's sewer services will enhance property values for all parties who own real property within the District. Thus, all real property within the District will be benefited by continued inclusion in the District.

8. Under such circumstances, the McBride real property will be benefited by continued inclusion in the District.

Thereafter, the Board engaged in a discussion of the McBride Petition, the ground for the Petition, the testimony presented at the hearing in support of the Petition, the questions raised at the hearing, the facts stated by Vice President Meabon supporting his Motion to deny the Petition, and the applicable Montana statutes. The consensus of the Board was that the McBride parcel would be benefited by continued inclusion in the District.

After discussion, the Motion to deny the McBride Petition passed unanimously on a 6 to 0 vote.

President Ogle directed Attorney Brown to prepare separate written order with supporting findings of fact denying each of the three (3) Petitions.

OLD BUSINESS

Interlocal Agreement

Manager Edwards stated that he will be in contact with Mona Jamison and that the interlocal agreement will be signed by June 4, 1996.

Bond Election Update

Manager Edwards reported that the district has done several mailings of newsletters, placed phone calls to Bozeman residents, made and displayed posters, and obtained media coverage in the Bozeman Chronicle and the Lone Peak Lookout promoting the June 4th Bond Election.

All approval letters from the state have been received. Mona Jamison is writing a letter to the state requesting lifting of the moratorium within a few days of the bond being voted in.

NEW BUSINESS

Administrative Assistant Replacement

Manager Edwards stated that Patricia Burke has resigned and her last day of employment will be June 21, 1996. The position of administrative assistant will be advertised as soon as possible.

May 28, 1996

OTHER BUSINESS

Director Radick stated that the minutes of May 7, 1996, stated that Aspen Groves subdivision has received approval for 40 septic tanks. He clarified that the approval for the 40 septic tanks has not been granted and requested the minutes to be amended accordingly.

CORRESPONDENCE

President Ogle referred to the letter from Williams Plumbing & Heating regarding the protest of the May 22, 1996, golf course irrigation bid. The board acknowledged that all contractors should bid under the same set of rules, but the bottom line is, the DEQ has the authority to determine the legality of the bidding process on May 22, 1996.

ADJOURNMENT

There being no further business, President Ogle asked for a motion to adjourn.

Motion was made by Director Rothschiller to adjourn the meeting and the motion was seconded by Director Peacock. The motion carried.

President Ogle adjourned the meeting to Executive Session.



W.F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363
HKM BID OPENING SIGN IN SHEET

MEETING DATE: May 28, 1996

☐ REGULAR MEETING
☐ SPECIAL MEETING

NAME	ADDRESS
1 Ray Armstrong	2727 central ave Billings MT.
2 Glenn Lindsey	674 W. Last Chance Gulch Helena, MT
3 Jim Dorell	2131 Industrial Dr. Bozeman ^{William S} Plumbing & Heating
4 Chris Polkowske	1040 Gerise Billings ^{WILLIAMS} Bros. CONSTR.
5 Jim Muscat	Big Sky WSD #565
6 Lawrence Van Dyke	5651 Love Lane, Bozeman ^{#586-0581}
7 Eric Ossorio	Box 160069 Big Sky, MT 55 55716
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**BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363
C&H BID OPENING SIGN IN SHEET**

MEETING DATE: May 28, 1996, 3:00 PM

☐ REGULAR MEETING
☐ SPECIAL MEETING

NAME	ADDRESS
1 DAVID SCHMIT	JTL - BELGRADE
2 LARRY VAN DYKE	VAN DYKE CONST
3 LAWRENCE VANDYKE	11 11
4 RICH ALLISON	JTL GROUP, INC.
5 BOB KELLY	P.E.C. INC.
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BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363 GOLF COURSE IRRIGATION BID OPENING

MEETING DATE: May 22, 1996, 2:00 PM

☐ REGULAR MEETING
☒ SPECIAL MEETING

NAME	COMPANY/ADDRESS
¹ Gordon Robinson	Midland Impl Co - Billings, MT
² CARL THURSEN	CT, ASLA - BILLINGS
³ KRIS LUND	WILLIAMS - BOZE
⁴ MAC MORA	CONST. MGT. GROUP - BOZEMAN,
⁵ Harold P Meaton	Director
⁶ Wendell O. Ingraham	Director
⁷ DOUG KREMER	BOYNE
⁸ Dee Rothschild	Director
⁹ Will Meese	DIRECTOR
¹⁰ Ron Shuck	General Manager
¹¹ [Signature]	Hopper Bros Const.
¹² GENT BURROUGHS	BIG SKY WSD #363
¹³ Pat Burke	Big Sky WSD #363
¹⁴ Brett Burton	Big Sky WSD #363
¹⁵ Jim Mueca	Big Sky WSD #363

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT. 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING - May 14, 1996 - 7:00 A.M.

BSOA CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 7:00 a.m. on Tuesday, May 14, 1996, in the BSOA Conference Room. President Ogle, Vice President Meabon, Secretary Neece, and Directors Ingraham, Peacock, and Rothschiller were present.

Others Present: Ron Edwards, Bill Dutton, Patricia Burke, Grant Burroughs and Packy Cronin and Jim Muscat.

MEMBERSHIP FORUM

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

President Ogle stated that for the record, Packy Cronin and the issue of Southfork Subdivision was not an agenda item and left the decision to Manager Edwards as to whether or not to hear Mr. Cronin's concerns regarding Southfork Subdivision.

Manager Edwards stated that he had received the revised plan and that the engineer for Southfork was cooperating with the district. He stated that the board needs a letter and final state approval before the system can be connected.

Director Rothschiller clarified that this is for Phase I which consists of 25 single family lots and not Phase II, the commercial part of the development to which Packy Cronin acknowledged.

President Ogle closed the discussion on Southfork Subdivision.

PRELIMINARY FY 96/97 BUDGET

Bill Dutton presented a recap of the procedure for noticing a public hearing for adopting the FY 96/97 Budget. He stated that publication of the notice of the budget hearing would be through the Bozeman Chronicle.

The preliminary budget was reviewed for comments, questions and revisions.

Director Ingraham suggesting reviewing all staff positions and establishing benefit packages offered on each position. Director Rothschiller stated that she was very pleased with the current staff and felt that they should continue with the current benefit package and a 7% annual increase and get on with other budget issues.

May 14, 1996

Impact and hook-up fees were discussed.

Vice President Meabon reminded the board that the impact and hook-up fees are for the capital reserve and not to defer operational costs.

Manager Edwards suggested increasing the impact fees rather than the hook-up fees because charging on a per room basis for hook-up fees might open a debate on multi-family connection counted a one hook-up for a one pipe/connection.

Secretary Neece suggested allocating a portion of the impact fees for operating expenses rather than 100% for capital improvements.

The impact fees and connection fees were discussed. After discussion from each board member, it was decided that the hook up fee would be increased from \$500 to \$750.00. The impact fee would be increased from \$2500 per SFE to \$4000 per SFE.

The possibility of increasing user fees was discussed. Secretary Neece stated that he would support a 25% increase in user fees thus raising the current rate of \$20.73 per SFE to \$25.90 per SFE.

Manager Edwards suggested bringing the rate increase to the public's attention as soon as possible and laying all the cards on the table prior to the bond election. Discussion of the impact of a rate increase on the bond election vote was discussed.

Motion was made by Vice President Meabon to adopt the amended preliminary budget which includes the increases in hook-up, impact and user fees and to schedule and hold the required public hearing as required by law within the required time frame. The motion was seconded by Secretary Neece and the motion carried, 4 to 0.

Vice President Meabon suggested the following: 1.) allocating funds for I & I clean up 2.) taking inventory of the district's assets in the office and out in the field 3.) have the district's insurance representative attend a board meeting to present a comprehensive report on the district's insurance coverage 4.) update salary and benefits on current staff to include annual salary increases and benefits.

Director Ingraham suggested instituting an incentive motivated policy on cost savings for the district.

May 14, 1996

ADJOURNMENT

Motion to adjourn was made by Director Rothschiller and seconded by Vice President Meabon. The motion carried.

President Ogle adjourned the meeting to Executive Session.


W.F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING - May 7, 1996 - 3:00 P.M.

BSOA CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 P.M. on Tuesday, May 7, 1996, in the BSOA Conference Room. President Ogle, Vice President Meabon, and Directors Ingraham and Rothschiller were present. Secretary Neece and Director Peacock arrived late into the meeting. Director Radick was absent. A quorum of the Board of Directors was present.

Others Present: Ron Edwards, Bill Dutton, Jim Muscat, Patricia Burke, Grant Burroughs, Ray Armstrong, Ken & Ladora McBride, Don McBride, John Brown, Kirk Dige, William Erwin, Per Hjalmarsson, Alan Kass, Larry & Birdie Kelley, William Robert Mellen, Ann Sniecinski, and Tim Ryan.

MEMBERSHIP FORUM

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

MINUTES

The minutes from the April 16, 1996, board meeting were reviewed for additions and amendments.

Motion was made by Vice President Meabon to accept the minutes as amended and the motion was seconded by Director Rothschiller. The motion carried.

DISTRICT LAND EXCLUSION HEARING

The hearings for petitions for exclusion from the district began. President Ogle introduced Attorney John Brown to all present and stated that he would be present during the hearing as counsel for the district.

Attorney Brown explained the purpose of the hearings and read the Montana codes pertinent to public hearings and petitions for exclusion from the district.

President Ogle asked if there were any questions before the individual petitioners began. Attorney Brown addressed the time limit set in the statutes for board determination on exclusion of properties.

President Ogle stated that the petitioners' property verification and signature had not been witnessed by a notary.

Motion was made by Vice President Meabon that in lieu of the petitioners' property having been verified as required by law, the board waives the requirement if the petitioner solemnly swears to ownership of said property. The motion was seconded by Director Rothschiller and carried by a unanimous vote of 4 to 0.

Motion was made by Director Ingraham to reach a decision on each petitioner's request on or before the next board meeting scheduled for May 21, 1996. The motion was seconded by Director Rothschiller and the motion carried by a unanimous vote of 4 to 0.

Discussion following the motion was that if the board was ready to do so, a decision could be reached during the meeting.

Petitioner Alan Kass

Petitioner Alan Kass presented his request for exclusion. President Ogle asked for public comment following Mr. Kass' presentation. Being no public comment, President Ogle asked for questions or input from the board.

President Ogle closed Mr. Kass' hearing and asked the board to either accept his petition and exclude his property from the district or reject his petition. He asked for discussion and if no discussion then a motion - if no motion then the decision would be tabled until the next scheduled meeting on May 21, 1996.

Motion was made by Vice President Meabon for the board to reject Mr. Kass' petition and retain his property within the district. President Ogle exercised his option as part of the quorum to second the motion.

Director Ingraham asked for the motion to be tabled. The motion was tabled and will be determined no later than May 21, 1996.

Petitioner William Erwin

Petitioner William Erwin presented his request for exclusion. President Ogle asked for public comment following Mr. Erwin's presentation. Being no public comment, President Ogle asked for questions or input from the board.

President Ogle closed Mr. Erwin's hearing and asked the board to either accept his petition and exclude his property from the district or reject his petition. He asked for discussion and if no discussion then a motion - if no motion then the decision would be tabled until the next scheduled meeting on May 21, 1996.

Motion was made by Vice President Meabon for the board to reject Mr. Erwin's petition and retain his property within the district. President Ogle exercised his option as part of the quorum to second the motion.

Director Ingraham asked for the decision to be tabled. The motion was tabled and will be determined no later than May 21, 1996.

Petitioner Donald McBride for Robert McBride

Petitioner Donald McBride, representing his brother Robert McBride, presented his brother's request for exclusion. President Ogle asked for public comment following Mr. McBride's presentation. Being no public comment, President Ogle asked for questions or input from the board.

President Ogle closed Mr. McBride's hearing and asked the board to either accept his petition and exclude his property from the district or reject his petition. He asked for discussion and if no discussion then a motion - if no motion then the decision would be tabled until the next scheduled meeting on May 21, 1996.

Motion was made by Vice President Meabon for the board to reject Mr. McBride's petition and retain his property within the district. President Ogle exercised his option as part of the quorum to second the motion.

Director Rothschiller asked for the motion to be tabled. The motion was tabled and the decision will be determined no later than May 21, 1996.

Following the three petitioners' presentation, President Ogle asked for public comment.

William Mellen has also petitioned to exclude his property from the district.

Ken McBride stated that he supports all three of the petitioners' requests for excluding their property from the district.

President Ogle concluded the hearings and stated that board decision would be reached and each petitioner would be informed if there was any further information or discussion involved in reaching a decision. He stated that a final decision on each petitioner's request for exclusion would be made public at the next board meeting on May 21, 1996, at 3:00 p.m. in the Big Sky Owner's Association conference room.

FINANCIAL REPORT - BILL DUTTON

Bill Dutton reported on the assets and liabilities of the district to date. He reported that at this time, approximately 50% of all billed user fees for the first quarter of 1996 have been received and posted to accounts.

Vice President Meabon asked that in the future as a point of reference, the dollar amount of billed user fees be noted on the financial report.

The audit of the current fiscal year will soon be done. Bids could be accepted; however, the board could decide to use the same auditor used for the last audit which would override the necessity of going to bid.

President Ogle asked that the next budget report indicate the net operating income.

Bill Dutton stated that the Intercap Loan closing date is May 31, 1996, for the district's suburban. The loan is approved and a resolution must be signed and approved by the board.

Motion was made by Vice President Meabon to waive the district's policy of three (3) reading of the Intercap Resolution 96-03 and approve and adopt the resolution. Secretary Neece seconded the motion. Individual voice vote was unanimous, 6 to 0, with Secretary Neece and Director Peacock present.

ENGINEERS' REPORT

Manager Edwards introduced Ray Armstrong of HKM Engineering, Per Hjalmarsson of C&H Engineering, and Carl Thuesen of C.T. Landscape Design. He stated that each would give a brief report and update on their projects.

Ray Armstrong/HKM Engineering

Ray Armstrong reported that the Plans and Specifications are completed and they are awaiting an answer on the property lease for temporary spray irrigation and an answer from the DEQ on the use of unfiltered spray irrigation on the "horse pasture", Tract B1 and the western portion of Tract B.

Manager Edwards stated that the lease agreement has been given to Packy Cronin and to date no response has been received.

Ray Armstrong reported that the spray irrigation heads used for the "horse pasture" are normal impact and that the proper setbacks for residential and stream have been applied. He reported on the filtration process, backwash process for the pumps, the filter train, storage ponds, turbidity units, and disinfectant requirements. He also reported that additional lines are required for bypassing ponds 1 & 2 during the construction phase.

A list of bidders has been submitted to the district and a prebid meeting will be held on May 8, 1996 at 10:00 a.m. guided by HKM for the storage ponds and at 2:00 p.m. guided by C&H for the filtration building. Test pits would be dug with the bidding contractors, HKM Engineering and C & H Engineering.

Ray Armstrong stressed that during construction, change orders will require board approval if they exceed an established price limit or time frame. A no cost, no time change order can be accomplished with a field order.

Per Hjalmarsson - C&H Engineering

Per Hjalmarsson reported that the EPA has approved the sludge removal as well as placement on the embankment for disposal and drying. The Dam Safety Board has approved the ponds based on seismic stability, but, has rated it as a high hazard which will require an Emergency Action Plan (EAP) which is not a reflection on the pond design.

Per Hajalmerson reported that if the Simkins land is not purchased, there will be excess materials of approximately 100,000 cubic yards.

Grant Burroughs asked for monitoring systems to measure the depth of the water in the ponds to be included in the construction process. All present agreed to include depth monitoring systems.

Carl Thuesen - Thuesen Landscape Architect

Carl Thuesen introduced himself and gave a brief background on his company and qualifications. He handed out a list of plan holders.

Carl Thuesen explained the process for laying the irrigation piping and allowing the golf course to always have 18 holes open for play during construction. He stated that the existing heads would be salvaged and used in the rough areas and salvaged controllers would be used on Tract B1 and the western portion of Tract B, the "horse pasture" area for additional spray irrigation.

He reported that a computer system is included in his plan which will be used for controlling irrigation times and sites and to also produce hard copies for data compilation. His estimated cost for the complete golf course irrigation package is approximately 1.2 million dollars with the factors of difficulty of transporting building materials and liability factored in.

He stated that final completion of the golf course irrigation project would be in 1997. However, the system will be completely operational in fall 1996.

An O & M manual is required by the contractors and they must submit "as built" plans.

Carl Thuesen reported on the replacement pump station house (located near hole number 18 fairway) and gave a detailed report on the structure and operation complete with renderings. The pump station building must be submitted to the Architectural Committee via walk by approval.

Grant Burroughs asked who will own the golf course irrigation system. The Boyne/District agreement will address ownership and operations responsibilities.

OLD BUSINESS

Land Swap

The land swap agreement between Blue Ribbon Builders and the district was readdressed. It was the general consensus of the board to expedite the land swap via signing of the Quit Claim Deed.

Motion was made by Secretary Neece to include the motion of the BSOA's April 18, 1996, motion regarding the land swap agreement on the north side of the post office. The motion was seconded by Director Rothschiller and the motion carried. The BSOA motion cited above includes an easement describing the required post office turn-around area incorporated in the deed.

Inter-Local Agreement Update

Manager Edwards stated that amendments have been made on the Inter-Local agreement and forwarded to both county attorneys for review and comment. Madison County Attorney Tucker has responded with his comments but to date no response from Gallatin County Attorney Salvagni.

Preliminary FY 96/97 Budget

Bill Dutton reported that the proposed budget reflects the changes made by the board at the April 16, 1996, meeting. A projected rate increase from \$20.73 per SFE to \$26.00 SFE per month, a 25% increase, which includes user fees for the reserve replacement fund.

Manager Edwards stated that the final budget needs to be approved so a public notice of the budget hearing notification can be mailed to the district owners and the budget hearing date can be set.

President Ogle stated that he would like each board member to spend some time to review the budget and note any amendments or changes and be ready to finalize the budget at a meeting on Tuesday, May 14, 1996, at 7:00 a.m. in the BSOA conference room.

Bond Election Update

Manager Edwards reported that the BSOA staff has offered to assist with promoting the June 4th bond election and conducting a telephone campaign during the first or second week of May.

Kevin Kelleher is also lending his support and will run editorials supporting the bond election and is contributing advertising space in the Lookout for the four publications prior to the election date.

Manager Edwards also reported that newsletters to the Lake Condo owners' association will be mailed next week with a special article outlining the cost as related to each owner based on a one week time share.

NEW BUSINESS

South Fork Sewer Extension

Grant Burroughs reported that the South Fork sewer extension construction in Section 2, T7S, R3E, will begin on May 8, 1996.

President Ogle stated that since plans submitted to the district in 1991 have been revised, Grant Burroughs will compose a letter to Terry Threlkeld, South Fork engineer consultant, stating that the district will not allow connection to the sewer system. Prior to mailing the letter, Grant is to seek approval from counsel, John Brown of Cok, Wheat & Brown.

Grant Burroughs recommended accepting the bid from Bozeman Sand & Gravel for the installation of the flume which will take approximately three (3) days for installation. Bozeman Sandy and Gravel submitted the low bid and it is recommended by Burroughs and Edwards.

Motion was made by Vice President Meabon to accept the \$31,860 bid from Bozeman Sand & Gravel to install the prefabricated flume and energy absorbent manhole. The motion was seconded by Director Peacock and the motion carried 5 to 0. Secretary Neece abstained from the vote.

Simkins Meeting

Manager Edwards stated that he and Director Rothschiller met with the Simkins and everything went well. Another meeting will be scheduled within a couple of weeks.

CORRESPONDENCE

Manager Edwards referred to a letter from the DEQ regarding foundation drains.

Motion was made by Vice President Meabon that in view of the state's letter regarding foundation drains, the district should offer amnesty of six (6) months for all property owners within the district who have drains connected to the system to work with the district and after said time, the district shall impose a fine. The motion was seconded by Director Rothschiller.

Discussion of the motion commenced and the motion was withdrawn by the maker and seconder.

Manager Edwards will draft a plan regarding the handling of foundation drains and present it at the next board meeting.

The Aspen Groves subdivision was discussed and the issue of the manholes in Aspen Groves was revisited. WSD 363's manholes in section 34 have been covered by road building. This issue must be resolved.

Manager Edwards suggested to the board as a means of regulating septic systems in the district, obtaining county notification when septs are approved.

ADJOURNMENT

Motion was made by Vice President Meabon to adjourn the regular meeting and enter into Executive Session. The motion was seconded by Director Rothschiller and the motion carried.

President Ogle adjourned the regular meeting.



W.F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

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ACCEPTANCE OF MONTHLY FINANCIAL STATEMENTS

Date: May 20, 1996

The Board of Directors at its May 7, 1996 board meeting reviewed and accepted the BSWSD #363 financial statements as follows:

1. Statement of Condition as of 4-30-96

• Assets: \$ 2,911,333

• Liabilities: \$ 479,847


• Equity: \$ 2,431,486

2. Income Statement as of 4-30-96

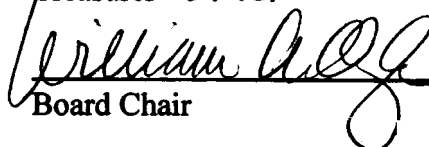
• Gross Inc: \$ (1,380)

• Gross Ex: \$ 88,938

• Net Inc. (Ex): \$ (90,318)


~~Treasurer~~ Director

28 May 1996


Board Chair

28 May 1996

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT. 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING - April 16, 1996-3:00 P.M.

BSOA CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 P.M. on Tuesday, April 16, 1996, in the BSOA Conference Room. President Ogle, Vice President Meabon, Secretary Neece and Directors Radick and Rothschilder were present.

Others Present: Ron Edwards, Bill Dutton, Jim Muscat, Patricia Burke, Grant Burroughs, Brent Pusey and Ann Sniecinski.

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

MINUTES

The minutes from the April 3, 1996, meeting were reviewed for additions and amendments.

Motion was made by Vice President Meabon to accept the minutes as amended and the motion was seconded by Director Radick. The motion carried.

OPERATOR'S REPORT - GRANT BURROUGHS

Grant Burroughs gave a comparative report on the March flows from 1993 to the present. He reported that he and Jim Muscat monitored I & I on Monday night, April 15th, and that the flow increased from 200,000 to 600,000. He stated that it would be beneficial to replace the manhole covers and/or install pick hole plugs.

Grant reported that the flume bids were in and that Plasti-Fab was the lowest. He stated that the closing date for the bids was April 26, 1996, at 4:30 P.M.

President Ogle asked if a comparison analysis had been done to determine if the district is getting the best for the money. Grant assured that his research showed that this system is the most accurate way to measure flow.

Motion was made by Director Radick to accept the bid from Plasti-Fab for the flume with the understanding that financing the flume be budgeted through the I&I Resort Tax funds and Secretary Neece seconded the motion. The motion carried.

OLD BUSINESS

Preliminary FY 96/97 Budget (2 Hours)

Bill Dutton reviewed the revenues and expenses for the Preliminary FY 96/97 Budget.

The Directors' expenses/compensation was discussed and it was the consensus of the board to strike the \$60 allocation per meeting per Director.

Vice President Meabon suggesting establishing a method of employee appraisal and evaluation to dictate the annual salary increases for employees and clarified the amount figured into the budget of 7% was a figure used for budgeting purposes only.

Vice President Meabon suggested having the district's insurance agent on the agenda prior to adopting the final budget for review of the district's current insurance policy.

The medical insurance expenses for employees was discussed.

Motion was made by Director Rothschiller to extend full family health benefits to all employees and their immediate dependents at the district's cost with the understanding that monetary compensation is not available in lieu of health benefits. The motion was seconded by Vice President Meabon and the motion carried.

Bill Dutton stated he felt that the district needs to conduct an SFE audit. All present agreed.

Resolution 96-01 (3rd Reading)

The Third Reading of Resolution 96-01 was completed.

Motion was made by Vice President Meabon to adopt Resolution 96-01 on the April 16, 1996, Regular Meeting of the Big Sky County Water & Sewer District No. 363 Board of Directors meeting. The motion was seconded by Secretary Neece with a unanimous vote of six (6) Ayes and zero (0) Nays, Director Ingraham being absent. Voting was carried out by individual voice declaration.

Resolution 96-02 (3rd Reading)

The Third Reading of Resolution 96-02 was completed.

Motion was made by Vice President Meabon to adopt Resolution 96-02 on April 16, 1996, Regular Meeting of the Big Sky County Water & Sewer District No. 363 Board of Directors meeting. The motion was seconded by Director Radick with a unanimous vote of six (6) Ayes and zero (0) Nays, Director Ingraham being absent. Voting was carried out by individual voice declaration.

IAWP Progress Report

Manager Edwards reported that at the next Special Meeting, May 7, 1996, he felt timing is right for representative from C&H and HKM to be present to review the plans and specifications for the IAWP. All present agreed.

Public Information Forum

Manager Edwards asked all present to review the handouts for the public information forum to be held at the River Rock Lodge at 6:00 P.M. following the board meeting. He asked for any changes or additions. He stated that the format would be the same as previous forums.

District Land Exclusion Hearing

Manager Edwards reported that the hearing for the district land exclusion hearing will be schedule at the next board meeting on May 7, 1996. President Ogle suggested allowing twenty minutes for each petitioner and also suggesting asking the district's legal counsel to attend the May 7, 1996, meeting.

Land Swap

The land swap issue was revisited.

President Ogle suggested that a meeting be scheduled to get everything out on the table and asked for copies of all correspondence relating to the original land swap request. President Ogle said he would write a letter to all concerned parties to schedule a meeting.

ANY OTHER BUSINESS WHICH MAY COME PROPERLY BEFORE THE BOARD

Manager Edwards stated that he wished to attend an infrastructure conference on May 8, 9, and 10, 1996 in Billings at the cost of \$125.00. All present agreed that Manager Edwards should attend the conference.

ADJOURNMENT

Motion was made by Director Rothschiller to adjourn the meeting and Director Peacock seconded the motion. The motion carried.

There being no further business, President Ogle adjourned the meeting.



W.F. Neece, Secretary

USD #363

Public Meeting

16 April 96

River Rock

Na

Addr

C + 1 GARY MOORE

Box 161194 - B Sky mt

Builder 2. LARRY WADE

Box 161090 Big Sky

3 Ken McBride

Westfork

4 DAN SCHALL

P.O. Box 99, Bozeman

Kirk D GE

ERA REALTY B/Sky

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT. 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING - April 3, 1996-3:00 P.M.

BSOA CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 P.M. on Wednesday, April 3, 1996, in the BSOA Conference Room. President Ogle, Vice President Meabon, and Directors Ingraham, Radick and Rothschiller were present.

Others Present: Ron Edwards, Bill Dutton, Jim Muscat, Patricia Burke, Steve Barrett, Hank Miller, Nick Salmon, Ann Sniecinski, Suzanne Squires and Mike Wheat.

Vice President Meabon opened the meeting to public comment. There being no public comment, Vice President Meabon called the meeting to order.

OLD BUSINESS

Preliminary FY 96/97 Budget

Bill Dutton presented an overview of the budget FY96/97. Vice President Meabon stated that as per Montana Code, notice of the budget must be sent to all customers who own property within the district.

Impact fees were discussed and it was noted that current value for impact fees is \$2500 per SFE, and the current value hook-up/inspection fee is \$500 per connection.

Manager Edwards reported on the sewer operating expenses, repairs and maintenance portions of the budget.

Bill Dutton presented non-operating revenues, expenses and the IAWP portions of the budget.

It was decided that two hours would be allotted for the completion of the budget discussion at the next scheduled board meeting on April 16, 1996

Mountain Village Development Plan

Architect Nick Salmon presented Boyne's 20 year development plan for Big Sky Ski Resort and other area developments. Attorney Steve Barrett and Nick Salmon addressed questions and concerns following the presentation.

President Ogle asked what Boyne needed from the sewer district. Steve Barrett answered that Boyne would like the question of the transferability of SFEs addressed. Manager Edwards and President Ogle stated that a review process was under way with a board position back to Boyne.

BIG SKY COUNTY WATER & SEWER DISTRICT #363

Resolution 96-01 Reimbursement Resolution (3rd Reading)

Resolution 96-01 was reviewed and amended but was not adopted on the third (3rd) reading.

Resolution 96-02 Bond Resolution (2nd Reading)

The 2nd reading of Resolution 96-02 was completed.

Motion was made by Director Rothschiller to approve Resolution 96-02 on the second reading. The motion was seconded by Director Radick and the motion carried.

IAWP Progress Report

Manager Edwards presented a revised project schedule. He touched on sludge testing, the Dam Safety review, land purchase agreement and site title opinion regarding district's property.

The three options for dispute resolution language to be included in the bidding documents was discussed.

Motion was made by Vice President Meabon for resolve of any possible disputes which may arise between the District and any contractor to be resolved by going directly to court. The motion was seconded by Director Ingraham and the motion carried.

Manager Edwards reported that Thuesen Engineering has completed the plans and specifications for the golf course irrigation and that the plans have been forwarded to the DEQ for review and approval. A walk through has been planned for April 11th for interested contractors.

Draft - Interlocal Agreement

Manager Edwards reported that Gene Huntington of Dain Bosworth has faxed the most recent draft of the Interlocal Agreement complete with suggested revisions by Mae Nan Ellingson. The agreement will be sent to Gallatin County early next week for Commission action.

District Newsletter

Manager Edwards reported that the newsletter has been sent to the printer and will be mailed within a couple of days

NEW BUSINESS

Public Information Meeting

Manager Edwards noted that the public information meeting will be held on Tuesday, April 16th at 6:00 P.M. at the River Rock Lodge conference room. The forum will coincide with the next Regular Board meeting. The format for the public information meeting needs to be determined.

Petition for Exclusion from District

The requests for exclusion from the district from Kass and Erwin were discussed. Both parties have sent in the required \$50 for publication as required by the statute. A public hearing will be scheduled for their requests after 25 days but no later than 50 days from the date the District received the petitions.

Correspondence

Correspondence from Attorney Joseph Sabol written on behalf of Mike Ankeny was discussed. Mr. Ankeny wishes to begin construction on a home with the knowledge that he cannot hook up to the sewer system as mandated by the current state Compliance Order. This is consistent with board policy. The consensus of opinion was that he could do so but it would be "at his own risk".

Manager Edwards revisited the issue of "gray water" regarding property owned by Mary Ann Faubert. All present agreed that the Fauberts' questions deserve an immediate response in the form of a letter.

Other Business Which May Come Properly Before the Board

Attorney Mike Wheat discussed a draft of an agreement between the District and Boyne regarding the golf course irrigation. The contract lists responsibilities but needs to be revised to include language regarding the district's authority to discharge effluent necessary to meet discharge volume requirements.

ADJOURNMENT


Motion was made by Director Radick to adjourn the meeting and the motion was seconded by Vice President Meabon. The motion carried.

There being no further business, President Ogle adjourned the meeting to the Executive Session.

The meeting reconvened following the Executive Session.

Motion was made by Vice President Meabon to authorize the district to offer up to \$5,000 for settlement at the request of the owner of Grizzly Flats, contingent on a hold harmless agreement indemnifying the staff as individuals and directors as individuals. The motion was seconded by Director Rothschiller and the motion carried. The motion carried.

President Ogle adjourned the meeting.


W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O.BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

REGULAR MEETING - MARCH 19, 1996 - 3:00 P.M.

BSOA CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 P.M. on Tuesday, March 19, 1996, in the BSOA Conference Room. President Ogle, Vice President Meabon, Secretary Neece and Directors Ingraham, Peacock, Radick and Rothschiller were present.

Others Present: Ron Edwards, Bill Dutton, Grant Burroughs, Jim Muscat, Patricia Burke, Gene Huntington, Ann Sniecinski and Suzanne Squires.

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

APPROVAL OF MINUTES OF MARCH 5, 1996 SPECIAL MEETING

The minutes from the March 5, 1996 meeting were reviewed for approval. Changes and amendments were noted.

Motion was made by Vice President Meabon to approve the March 5, 1996 minutes as amended. The motion was seconded by Director Rothschiller and the motion carried.

FINANCIAL REPORT - BILL DUTTON

Manager Edwards presented a "Acceptance of Monthly Financial Statement" form to the board for approval. He noted that there was a line provided for the signature of the Board Chair and a Treasurer if the board desired to appoint a treasurer. It was the general concensus of the board that appointment of a treasurer was not necessary at this time.

Motion was made by Vice President Meabon to adopt the format presented as a formal monthly acceptance of financial statements and the motion was seconded by Director Rothschiller. The motion carried.

Bill Dutton presented a comprehensive balance sheet up to March 18, 1996 and an income statement by period for 95 FY. It was decided by the board to post income on a quarterly basis as that is the way it is received.

OPERATOR'S REPORT - GRANT BURROUGHS

Grant Burroughs presented water analysis costs for routine monthly and yearly testing. His report showed various possibilities of savings by eliminating types of test and testing sites.

Manager Edwards requested direction from the board after which the testing program would be sent to the state for approval.

Vice President Meabon asked what is required by the Compliance Order and what do we need to do to protect the district. Manager Edwards stated that the state is leaving the testing up to the district. President Ogle stated that he felt it was necessary to do testing during a time when the most disruption may occur and for the district to establish a policy for testing to include parameters.

Grant stated that he plans to meet with several MSU professors in the Civil Engineering department for water testing guidelines and would report his findings to the board at the next meeting.

Grant Burroughs stated that he and Jim Muscat had begun research on costs and availabilites of trucking firms capable of trucking waste water out of the district ponds in an emergency situation. He also reported that the required signage for the fencing, gate and chlorine rooms have been ordered.

Grant presented a report on flows and pond elevations as of March 19, 1996.

IAWP FINANCIAL PLAN - GENE HUNTINGTON /DAIN BOSWORTH

Gene Huntington of Dain Bosworth gave his presentation to the board and addressed such issues as can RSID costs be assessed on the basis of taxable value, how the debt service levy process works, and answered the issue of obtaining loans from banks with issuing bonds.

Following his presentation, it was the general concensus of the board that private financing was a dead issue. Secretary Neece asked about using MOU monies to begin the golf course irrigation construction to be completed in phases.

The pros and cons of private financing were discussed and it was decided that it would be the last resort and only if the district wanted to spend the necessary money to define the district and parcels thereof. General Obligation bonds was still the desired route to be voted upon in the June 4, 1996 Bond Election.

Manager Edwards affirmed that the residents within the district needed to be informed of the cost involved of becoming a RSID and the loss of one season of construction if indeed the June 4th election fails. Manager Edwards stated that he would set a new schedule based on the election date of June 4, 1996.

Gene Huntington presented a current draft of the Interlocal Agreement.

OLD BUSINESS

Resolution 96-01 - 2nd Reading

The second reading of Resolution 96-01 was completed and amendments were noted.

Motion was made by Director Radick to approve the second reading of Resolution 96-01 and the motion was seconded by Vice President Meabon. The motion carried.

Resolution 96-02 - 1st Reading

The first reading of Resolution 96-02 was completed and amendments were noted.

Motion was made by Vice President Meabon to approve the first reading of Resolution 96-02 and the motion was seconded by Director Peacock. The motion carried.

IAWP Progress Report

Manager Edwards reported that Per Hjalmaarson/C&H Engineering, Todd Teegarden, and Ray Armstrong/HKM met and addressed many questions that would have otherwise taken much letter writing. Submittal letters have been sent to Todd Teegarden and are awaiting response.

HKM Engineering received a technical overview of their work from Black & Beach who will make verbal recommendations within two weeks. Carl Thuesen is approximately 85% complete with plans and specifications and will be submitting them to the state before construction goes to bid.

Interlocal Agreement

Manager Edwards asked the board to review and study the provided draft of the Interlocal Agreement and to be ready with any changes or suggestions at the next board meeting.

Newsletter

A draft of the district's newsletter was presented for approval and/or additions and changes. Manager Edwards stated that he wished to mail out two newsletters prior to the June 4, 1996 Bond Election. He stated that he has sent a copy to Shelley Cheney and Peggy Kaatz for their review and input on the section of voting procedures.

Motion was made by Vice President Meabon to accept the newsletter draft to include any changes from the election officials with a date for publication left to the manager's discretion. The motion was seconded by Director Peacock and the motion carried.

Secretary Neece suggested to emphasize the cost to the district if the bond election fails on June 4, 1996. Director Peacock suggested making extra newsletter copies available for handouts to various businesses in the area. All present agreed.

The Lake Condominium time shareholders was discussed. Manager Edwards reported that there are approximately 1800 time shareholders who would be potential yes votes. Mailing newsletter to each shareholder with an insert regarding the bond election was discussed.

Motion was made by Director Rothschiller to support Manager Edward's desire to mail information to the Lake Condominium Time Shareholders publicizing the upcoming election and the method of voting via the district newsletter. The motion was seconded by Director Radick and the motion carried.

Condominium Association Billing Agreement

The condominium association billing agreement for quarterly sewer assessments was presented and reviewed.

Motion was made by Secretary Neece to approve and accept the agreement and the motion was seconded by Vice President Meabon. The motion carried.

NEW BUSINESS

Preliminary FY 96/97 Budget

Manager Edwards stated that he felt that approval of the budget required a meeting to itself and suggested deferring the budget to a meeting with a group of two or three board members who would present the budget to the entire board at the next scheduled board meetings.

Vice President Meabon stated that he would accept that concept. President Ogle stated that the process could be narrowed to revenues, expenditures and personnel categories and could be completed by mid April. It was the consensus of the board to have two board meeting to finalize the budget.

Public Hearing - District Lands Exclusion Requests

The issue of district property exclusion requests was revisited. Managers Edwards stated that letters had been sent to the parties who had requested property exclusion from the district. Pertinent guidelines and Montana statutes for legal procedures requesting exclusion were included. To date, there has been no further communication from the requesting parties.

Sewer Billing Proposal

Manager Edwards presented the new sewer assessment billing method to the board for approval. It was the general consensus of the board for the district employees to implement the new billing method when ready.

Other - New Business

Director Rothschiller stated that she and other BSOA employees are willing to use their time to assist the district in promoting the Bond Election if approved by the BSOA Board of Directors. President Ogle stated that he would assist with approval for BSOA employee to help with promotion of selling the bond.

Vice President Meabon stated that during the BSOA Board meeting, Denise Tuohy of Tuohy Accounting stated that two questions needed to be addressed by the district: 1.) the reimbursement resolution and 2.) sewer hook-up policy.

CORRESPONDENCE

Manager Edwards pointed out the Snowshoe correspondence included in the board packet.

OTHER BUSINESS

Manager Edwards stated that his employment agreement was to include reimbursement for \$5000.00 for moving expenses. His bill totaled \$5,216.00 and he requested the board to cover the additional amount of \$216.00 in exchange for his travel expenses during the interview process.

Motion was made by Vice President Meabon to pay the additional \$216.00 moving costs and the motion was seconded by Director Rothschiller. The motion carried.

ADJOURNMENT

Motion was made by Vice President Meabon to adjourn the meeting and the motion was seconded by Director Rothschiller. The motion carried.

There being no further business, President Ogle adjourned the meeting to Executive Session.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

PHONE: (406)995-2660 FAX: (406)995-3053

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING - MARCH 5, 1996 - 3:00 P.M.

DISTRICT CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 P.M. on Tuesday, March 5, 1996, in the District Conference Room. President Ogle, Vice President Meabon, Secretary Neece and Directors Peacock and Rothschiller were present.

Others Present: Ron Edwards, Patricia Burke, Grant Burroughs, Bill Dutton, Jim Muscat, Gene Huntington/Dain Bosworth, Attorney Mona Jamison, Anne Sniecinski and Suzanne Squires.

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

The minutes from the meeting of February 20, 1996, were reviewed and amended.

Motion was made by Director Rothschiller to move the information under Other Business to Land Swap and the motion was seconded by Director Peacock. The motion carried.

Motion was made by Director Rothschiller to approve the minutes as amended and the motion was seconded by Director Peacock. The motion carried.

OPERATOR'S REPORT

Grant Burroughs distributed handouts documenting January and February flows. Vice President Meabon suggested that Grant contract an engineering firm as a third party to monitor meter reading and to convey their flows to the state.

Manager Edwards stated that it was also vital to calibrate the meters on a regular basis.

Grant Burroughs presented file copies of letters from Paul Lavigne, Water Quality Division, and Ray Armstrong regarding the proposed monthly sampling plan, designated sampling sites and a list of pollutants to be included on the sampling list. He stated that approximately \$6000 could be saved annually by he and Jim Muscat doing the sampling.

Manager Edwards stated that he would compose a letter to send to the state requesting a written response to the request for the district to do water sampling. Grant Burroughs stated that he has delivered a map of the sampling areas to Todd Teegarden, WQD.

Grant also reported on the sludge data. He stated that the analysis of the metals in the sludge in the ponds is way below the parameters set by the EPA. Manager Edwards stated that it is the intention of the district to put the sludge directly on the banks of the ponds as the metal counts are good. He added, however, that fecals needed to be tested.

Grant reported on the efficiency level of the aerators. He stated that the efficiency level last year at this time was approximately 60-64% and is now 90-92% on an average monthly basis.

Vice President Meabon suggested that perhaps the district needed to draft a contingency plan for trucking waste water out in the event of an emergency. He stated that it was necessary to check on the necessity of a permit for transporting and disposing of waste water.

The topic of the netting in the ponds to separate solids was discussed. Grant Burroughs stated that the netting was strictly a temporary measure but that it was working well. President Ogle stated that Bozeman has a homemade wheel and he suggested Ron, Grant and Jim make a trip to Bozeman to see Bozeman's method. He suggested that the district get a bid to construct a similar system.

Vice President Meabon suggested that Grant check into the fence signage required by the district's insurance company and the state of Montana. Grant stated that the signage is included in the bid specifications being completed by C & H Engineering.

OLD BUSINESS

Amend Resolution 95-08

Manager Edwards reported that the bond election for Resolution 95-08 was going to be delayed until the next general election on June 4, 1996. The state mandates that a notice of the bond election must be published in a local newspaper three consecutive weeks prior to the close of voter registration and responsible parties failed to do so. He noted that the upside to this oversight was that it allowed the district more time for the bidding procedures and time to re-evaluate the design of the filtration plant.

Director Rothschiller added that this would allow the district more time to communicate information to the public via forums, flyers and newsletters.

President Ogle stated that it would be necessary to abandon Resolution 95-08 and commit to a new Resolution.

Motion was made by Vice President Meabon to strike Resolution 95-08 and commit to a new resolution and the motion was seconded by Secretary Neece. The motion carried.

Resolution 96-01

Resolution 96-01 was discussed and reviewed. Revisions were noted. The second reading will be executed at the next scheduled board meeting.

Resort Tax Update

Manager Edwards reported that Mona Jamison was working on the Interlocal Agreement. Mona Jamison reported that she has been in contact with Mike Salvagni and has presented a draft of the Interlocal Agreement requesting completion prior to the Bond Election, now rescheduled for June 4, 1996. She stated that after Mike Salvagni has signed off on the Interlocal Agreement she will present a copy to Mae Nan Ellingson for her approval.

Gene Huntington/Dain Bosworth

Manager Edwards introduced Mr. Huntington to the board. Gene Huntington presented information on construction financing, 16 versus 20 year terms for bonds and impact for financial options.

The discussion following Gene Huntington's presentation centered around the possibility of private financing to begin necessary steps to meet the Compliance Order. President Ogle asked Gene Huntington to examine the possibility of a short term loan with a competitive interest rate in the amount of approximately \$1,000,000. This would allow the district to begin construction prior to selling the bond in June 1996.

Categorical Exclusion

President Ogle stated that the issue of the Categorical Exclusion was basically solved and that there was not much to discuss. He clarified that the Categorical Exclusion only affirms that there will not be an Environmental Assessment.

IAWP Progress Report

Manager Edwards stated that he met with Todd Teegarden, WQD, and C & H Engineering and that everything is on tract. He suggested delaying the advertisement to bid until the project schedule is revised.

President Ogle asked if the 87 million gallon figure was a reality. He stated that he would like to have C & H Engineering provide a certified volume number for the ponds to be constructed on the district's property.

BIG SKY COUNTY WATER & SEWER DISTRICT #363

Public Information Forum

The Big Sky County Water & Sewer District No. 363 held a public information forum at 6:00 P.M. in the River Rock Lodge Conference Room. The forum was attended by ten (10) people and an information session was followed by a question and answer period. Handouts composed by Manager Edwards were distributed which addressed such issues as the Interim Action Work Plan, general obligations bonds, Pond #5, building moratorium, sewer rates and future hook ups.

Motion to adjourn was made by Secretary Neece.



W.F. Neece, Secretary

March 5 996

Name

Address

BARBARA HANAN

POB 160142, BS, BT

Jean Palmer

POBx 160122 #13 spr e

Marilyn Vanden Breesey

Widen V 69

d Va den Bre

Greg O'Connor

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BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363 SPECIAL MEETING - FEBRUARY 20, 1996 - 3:00 P.M. DISTRICT CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 P.M. on Tuesday, February 20, 1996, in the District Conference Room. President Ogle, Secretary Neece and Directors Ingraham, Peacock, Radick and Rothschiller were present.

Others Present: Ron Edwards, Bill Dutton, Jim Muscat, Patricia Burke, Doug Bing, Packy Cronin, Marilyn Hill, Wayne Hill, Brent Pusey, Ann Sniecinski and Suzanne Squires.

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

President Ogle asked for amendments or changes in the agenda. Manager Edwards stated that due to a previous commitment, Doug Bing/Blue Ribbon Builders asked to be first on the agenda.

The minutes from the January 30, 1996, meeting were read for corrections and amendments

Motion was made by Director Rothschiller to approve the minutes as amended and the motion was seconded by Director Ingraham. The motion carried.

The minutes from the February 6, 1996, meeting were read for corrections and amendments

Motion was made by Secretary Neece to approve the minutes. The motion was seconded by Director Radick and the motion carried.

OLD BUSINESS

Land Swap - Doug Bing/Blue Ribbon Builders

The issue of the land swap between the district and Blue Ribbon Builders was revisited. Doug Bing presented his desire to trade the land behind the Meadow Village Center to be used for additional parking and for the postal truck turnaround. He also asked for approval of the three way split for C & H Engineering's surveying costs.

Motion was made by Secretary Neece to proceed with the trade on a basis that the district not incur any further costs other than that was agreed upon by the previous manager which includes the cost of \$833.33 for 1/3 of the surveying costs. Director Radick seconded the motion and the motion carried.

President Ogle stated that the encroachment onto the existing pond behind the Meadow Center will be approximately 4 feet. He also clarified that the motion does not include the cost of moving the fence and that if Doug Bing did not wish to pay the cost, then he would then have to notify the District's Manager.

Jim Muscat assured the board that repair of the existing fencing could be completed with left over fencing materials.

Director Radick reiterated that he felt that the agreement in the document for the land swap with Doug Bing/Blue Ribbon Builders, should specify that the property is to be used exclusively for parking for the presently existing Meadow Center and postal parking exclusively. All present agreed.

FINANCIAL REPORT - BILL DUTTON

Monthly Financials

Bill Dutton presented a comprehensive financial report including a balance sheet as of January 31, 1996 and restricted cash and equivalents for RID 305's MOU and Boyne MOU showing accrued interest since 1993. He also presented income statement by period through January 1996. Manager Edwards stated that a preliminary budget for 1995 FY would be completed by March 1, 1996.

Mr. Dutton reported that delinquent user fee accounts if uncollected, would be added to the tax roll in July and the county would then collect with the annual property taxes. However, he stated that past due notices had been mailed and response/payments have been received in the amount of approximately \$35,000.

President Ogle stated that the board needed to think about formalizing the acceptance of the monthly financial reports on a motion basis. He asked Manager Edwards to establish a procedure and present it to the board at the next meeting.

Transportation Bids

Bill Dutton stated that he had, as previously directed by the board, sent out fourteen bids for purchase or lease of a 1995 or 1996 suburban for the manager and to date, 4 bids have been returned.

He presented the pros and cons of lease vs. purchase and the various bids from dealers who responded to his bid request. It was the general consensus of the board to purchase rather than lease a suburban and for Bill Dutton to proceed accordingly.

Operator's Report

Jim Muscat presented the operator's report. He reported on the flows and BODs for January and February 1996 in comparison to 1995.

He reported that he and Grant Burroughs had attended a convention in Great Falls and had met with Todd Teegarden, Water Quality Bureau. They inquired about taking their own samples to save money for the district. Mr. Teegarden indicated that he saw no problem with that or with the chain of custody as far as samples being transported to a lab in Bozeman for testing.

Manager Edwards stated that sampling needed to be reevaluated to cut costs. Secretary Neece stated that he had no problem with the chain of custody but that before any sites for collection were eliminated, he requested the operators inform the board to establish baseline collection sites.

Jim Muscat stated that C & H had completed a pond sludge survey and found the sludge to be little to non-existent, the deepest being approximately 3 inches. Two samples were done in each pond for sludge classification.

OLD BUSINESS

96-01 Reimbursement Resolution

Manager Edwards revisited Resolution 96-01 which dates back to 1994. He stated that the purpose of the resolution was to reclaim costs for engineering costs and the pond aerators. He stated that counsel advised him to proceed with the resolution.

Motion was made by Secretary Neece to propose and approve Resolution 96-01 on the first reading. Director Rothschiller seconded the motion and the motion carried.

President Ogle asked if a deadline needed to be scheduled for adoption of Resolution 96-01. Manager Edwards stated that the second and third reading would be completed at the next successive meetings and the guidelines established by the states to procure engineering services must be followed to recover engineering costs.

IAWP Progress Report

Manager Edwards presented bid and contracting time lines for the IAWP. He presented a letter from Todd Teegarden regarding the IAWP Environmental review which decreased the number of sfe to 579. The possibility of a trip to Helena to discuss the Categorical Exclusion was discussed.

Manager Edwards stated that another approach may be needed to show that what the district is doing does not impact the system by more than 30%. He stated that the district could bond

somewhere else but the ultimate financing cost would be at least 1% higher. Private financing was also discussed. Secretary Neece stated that alternate financing could be obtained but that ultimately the state holds the cards. All present agreed that a trip to Helena is the next step.

Golf Course Irrigation

Manager Edwards met with Doug Kremer and Carl Thuesen regarding the new golf course irrigation to begin this spring.

Discussion as to the responsibility and control of the computer operated golf course irrigation spray system was discussed. It was decided that to insure that the monitoring of effluent irrigation needed to be controlled by the district operators. Secretary Neece stated that the manager needed to compile an agreement to be signed by the golf course management and the district addressing this issue.

Resort Tax Update

Manager Edwards stated he felt the first resort tax meeting went quite well but at this time he was not sure where the district stands with its request. He stated however, that he was pleased to announce that the BSOA made a motion to support the sewer district's resort tax request.

Secretary Neece stated that the district should let the community and the resort tax board know that there is an interlocal agreement. Manager Edwards stated that he would, with approval of counsel, give a draft copy of the interlocal agreement to Mike Richards and would have copies available if requested at the next Resort Tax Meeting.

NEW BUSINESS

BSOA Request for Dog Impoundment - Brent Pusey

Brent Pusey presented the BSOA's request for a portable, paneled fence enclosure for impounding dogs until which time they could be transported into Bozeman to the Humane Society. She stated that the time commitment for this project was indefinite at the present but that the sheriff department has requested money to employ their own dog catcher.

Secretary Neece suggested trying the dog impoundment on the district's property on a one years basis to be reevaluated at the end of one year.

Brent Pusey stated that the impoundment area would be insured on the BSOA's insurance policy

Motion was made by Director Peacock to allow the portable dog impoundment area to be placed on the district's property on a annual basis. Director Rothschiller seconded the motion and the motion carried.

Newsletter & Public Information Meeting

Manager Edward stated that he is targeting mid March for a public information meeting regarding the bond election and sewer improvements. He distributed a draft of a newsletter to be included in the BSOA's newsletter containing information on the bond election, water conservation and other miscellaneous information concerning the sewer district.

Director Radick suggested stronger language to be inserted in the letter to emphasize that the district is under a state order to stop polluting and that the district is committed to fix the problems. It was the general consensus of the board to take a strong stand regarding their commitment to fix the problem. Director Rothschiller suggested emphasizing to obtain the vote of the younger population of the district to emphasis environmental issues.

Financial Proposal - Dain Bosworth

Manager Edwards informed the board that he met with Gene Huntington of Dain Bosworth. He presented the debt service and tax impact of the \$7,139,000 bond issue. Manager Edwards suggested having Gene Huntington attend the next board meeting to present other options of financing.

Correspondence

The request from Robert McBride regarding excluding his land from the district was revisited. Manager Edwards stated that he was still awaiting a boiler plate letter from Mike Wheat to address McBride's and other similar requests.

Other Business

Director Radick reiterated that he felt that the agreement for the land swap with Doug Bing/Blue Ribbon Builders should specify that the property is to be used exclusively for parking. All present agreed.

ADJOURNMENT

Motion was made by Director Rothschiller to adjourn the meeting. The motion was seconded by Secretary Neece and the motion carried.

There being no further business, President Ogle adjourned to meeting to the Executive Session.



W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

P.O. BOX 160670

BIG SKY, MT 59716

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BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING - 3:00 P.M.

MINUTES - FEBRUARY 6, 1996

The Big Sky County Water & Sewer District No. 363 met at 3:00 P.M. on Tuesday, February 6, 1996, at the District Conference Room. President Ogle, Vice President Meabon, Secretary Neece and Directors Ingraham, Peacock, Radick and Rothschilder.

Others Present: Ron Edwards, Patricia Burke, Grant Burroughs, Bill Dutton and Ann Sniecinski.

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

OLD Business

Resolution 95-08

President Ogle asked the board to read Resolution 95-08 and noted the increase in the dollar amounts pertaining to the bid documents.

Motion was made by Vice President Meabon to adopt Resolution 95-08 on the third (3rd) reading with no discussion being called for. The motion was seconded by Secretary Neece and the motion carried with a 6 yes and 0 nay vote.

Manager Edwards stated that six (6) copies will be made. Three copies will be forwarded to bond counsel, one (1) copy to Madison County, one (1) copy to Gallatin County and one (1) for the district files.

President Ogle stated that if the meets and bounds of Aspen Groves should require changes or amendments, at the time of determination adoption would occur.

It was noted that voting and public presentation will be forthcoming following a response from the Attorney General and a report from the Resort Tax Committee at or near the end of February.

Resort Tax Proposal

Manager Edwards reported that the Resort Tax Application was submitted to Mike Richards at Big Sky Western Bank on January 31, 1996 and that the first meeting is scheduled at 3:00 P.M. at Buck's T-4 on Wednesday, February 7, 1996. He stated that he and Bill Dutton will be attending. Vice President Meabon stated that he too would be attending and encouraged any board member who was available to attend the February 7 meeting.

President Ogle encouraged Manager Edwards to be prepared to answer any questions the Resort Tax Committee may present.

Director Rothschilder stated that she felt questions regarding what would be Boyne's share of the cost of the sewer improvements would be asked and that it is crucial to inform the committee that the district is still pursuing the Boyne lawsuit and will pursue the maximum amount possible.

President Ogle said he felt that the fact worth emphasizing would be the choice of having the tourists/visitors pay for the improvements through the resort tax monies rather than the land owners through ad valorem contributions.

Categorical Exclusion

The letter from Todd Teegarden, Water Quality Bureau, was revisited. Mona Jamison has revised a letter composed by Manager Edwards and the final draft will be signed by President Ogle.

Pilot Snow Making Plan

The Pilot Snow Making Plan was discussed. It was noted that Bridger Bowl has two older guns used for snowmaking and that Lone Mountain Ranch has also been contacted regarding use of their snow making guns. Bob Schaap, Lone Mountain Ranch, stated that if the district uses Lone Mountain Ranch's gun, he wants assurance that the District will be responsible for maintenance on the guns.

Director Meabon stated that it is necessary for the District to be sure that the snow making guns are metallurgically safe for corrosive water.

Manager Edwards circulated a letter from Ray Armstrong regarding the pilot snow making plan which included the pilot test process, testing and test parameters. The letter designated two tracts to be used for snow making and it was the consensus of the board to utilize tract B and eliminate tract A.

Secretary Neece informed the board that it would be crucial to have a two person team dressed in protective clothing to monitor the snow making machinery every twenty (20) minutes during the hours of midnight through 4:00 a.m.

Storage Ponds

Per Hjalmeron, C & H Engineering, has been notified that the ponds need to be reconfigured. Per Hjalmeron is to meet with Ray Armstrong to compare notes. The engineers have stated that the some portions of the fencing will have to be removed in order to complete the work. The fencing will be salvaged and reused and there is \$45,000 in the bond proposed for fence repair and replacement.

Financial Proposals

Manager Edwards recommended Dain Bosworth as the financial consultant for promoting Resolution 95-08 Bond Election.

Motion was made by Vice President Meabon to contact Dain Bosworth for financial consultation. The motion was seconded by Director Ingraham and the motion carried.

New Business

President Ogle presented the Snowshoe Environmental Assessment to the board and asked if the board desired to respond as requested by DHES. Consensus of the board was to respond through legal counsel, Mona Jamsion.

Manager Edwards stated that he responded to the North Fork Development E.A. today and that a copy of the letter was available in the Reading File. President Ogle stated that he asked Mona Jamison to begin analyzing how to perform an environmental study of the impact on the greater Big Sky area in the future and how it will affect sewer services.

Adjournment

There being no further business, President Ogle adjourned the meeting.

A handwritten signature in dark ink, appearing to read 'W. F. Neece', is written over a horizontal line.

W. F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

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BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING - 1:30 P.M./HKM ENGINEERING

MINUTES - JANUARY 30, 1996

The Big Sky County Water & Sewer District No. 363 met at 1:30 P.M. on Tuesday, January 30, 1996, at HKM Engineering in Bozeman. President Ogle, Vice President Meabon, Secretary Neece and Director Ingraham were in attendance.

Others Present: Ron Edwards, Patricia Burke, Ray Armstrong, Jim Bauer, Mona Jamison, Anne Sniecinski and Mike Wheat were present.

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

President Ogle asked for any amendments to the agenda.

Vice President Meabon stated that the issue regarding a letter from Robert McBride needed to be revisited and that a response to his letter was required. He stated that Mike Wheat would need to address Mr. McBride's request.

The minutes from the January 25, 1996, meeting were read for corrections and amendments.

Motion was made by Vice President Meabon to approve the minutes of the January 25, 1996, meeting. Secretary Neece seconded the motion and the motion carried.

OLD BUSINESS

Sewer Treatment Building

Ray Armstrong introduced Jim Bauer, Architect, to the board. Mr. Bauer presented a rendering of the sewer treatment building complete with floor plans to be presented to the Architectural Committee for approval. Mr. Bauer provided information on wood vs. metal siding and roofing and the cost and longevity of each.

Timberline roofing was discussed as an option. Mr. Bauer noted that the cost was higher but it meets the fire code and would not be conducive to snow slide. Jim Bauer recommended a metal roof, preferably green or tan as a darker color will chalk from dust and pollen.

Secretary Neece motioned to accept horizontal cedar siding with a shingle roof and for presentation to the Architectural Committee as a complimentary response.

Jim Bauer is to provide a rendering with horizontal cedar, shingle roof and depicting aesthetics to break-up the roofline. Director Ingraham stated that he felt a letter in response to the Architectural Committee's letter was necessary.

Golf Course Irrigation

Manager Edwards referred to a letter from Carl Thuesen dated January 29, 1996, regarding redesign of replacing the irrigation system on the Big Sky Golf Course. The letter included recommendations for redesign and rebidding of the system and asked for acceptance of the preliminary design prior to cost estimates.

Manager Edwards informed all present of his conversation with Doug Kremer regarding redesigning of the golf course irrigation system and suggested that Carl Thuesen meet with Doug Kremer. Secretary Neece suggested asking Steve Barrett to arrange a meeting and for designated contacts for the golf course irrigation project.

It was reported that Ray Armstrong suggested submitting the golf course plan to the state even though the bidding is not dependent upon the state's approval of the plan. Carl Thuesen will submit the plans to Ray Armstrong and Ray Armstrong will submit to the state.

Vice President Meabon suggested that Carl Thuesen and a golf course designee meet prior to presentation of the plan to the board. President Ogle suggested that a copy of Carl Thuesen's letter will be forwarded to Barrett for Boyne's input.

Ray Armstrong stated that the main goal was to maximize spray irrigation while continuing use of the old system and also adding new areas to be included by tying them into the existing irrigation system.

Ray Armstrong reported on sludge removal and stated that the majority of cost was in transporting the sludge to a dump site. To reduce weight, thus cost, he suggested drying the sludge on pond banks prior to removal, which adds only moisture to soils and would have no impact on crop uptake, no threat to industrial businesses, and no worry regarding nitrogen levels.

Snow Making

Snow making with unfiltered effluent as a "pilot" plan to measure water reduction and nitrates was discussed.

Vice President Meabon suggested "getting going" as we are running out of winter and a response from the state could take a considerable amount of time.

Manager Edwards suggested taking an aggressive approach and then present reported results to the state. Mona Jamison suggested sending a letter to the state reporting on the pilot snow making and documentation of the results and a request for any other information the state would desire.

Bond Resolution 95-08

Manager Edwards reviewed the final draft of Bond Resolution 95-08.

It was decided engineering costs from 1994 and 1995 needed to be recouped and included in the total bond amount and that upon calculations of these costs, the resolution would be adopted and read the third time for adoption.

Changes and additions were noted for Mae Nan Ellingson' attention for the third and final reading.

Voting procedures and rights were discussed regarding time share votes. Mike Wheat suggested that Mona Jamison visit with Joe Kerwin for his opinion on voting procedures regarding time share and "fractional vote".

Vice President Meabon stated that the board's position would be to be supportive of the law which states that every owner of real property within the district is eligible to cast a vote.

Mike Wheat stated that Shelley Cheney needs to advise whether the district takes a position on "time share". Mona Jamison stated that if the district provides an opinion, then it was necessary to withdraw the request from the Attorney General otherwise the election could be null and void as it could be based on the wrong opinion because once the Attorney General gives an opinion, it becomes law.

Categorical Exclusion

Manager Edwards revisited a letter from Todd Teegarden regarding Categorical Exclusion as it relates to an Environmental Assessment.

Mona Jamison stated that accepting the post I & I work flow data equals a partial moratorium, penalizes the district for progress and acts as a disincentive, and sets a negative public policy. She strongly suggested that a letter signed by the President of the District be sent to Mr. Simonich, copied to Todd Teegarden, Water Quality Bureau, to preserve the first amendment to the Compliance Order. She stated that the letter needed to state that the district deserves the Categorical Exclusion and that it would be arbitrary and capricious if it a categorical exclusion was not extended.

Vice President Meabon stated that the amount of money spent for I & I needed to be included in the letter to Mr. Simonich and that the district needs to take a strong stand and not concede.

Mona Jamison stated that the Bond Election has not been slowed down and that she felt the letter would turn it around. Manager Edwards is to draft the letter with Mona Jamison's assistance.

Transferability of SFE's

The transferability of SFEs was discussed. Vice President Meabon stated that the district should not enter into hook up agreements, that SFE issuance is strictly a management agreement. Mike Wheat stated that sfe's are attached to a specified parcel of land and cannot be sold, transferred, or assigned otherwise and that sale or transfer would created a futures market.

Relinquishing sfe's was discussed and the question of can one approval be withdrawn and used by someone else within the district.

Mona Jamison stated that Ordinance 94-0001 provided information on sale and transferability.

Request for Proposal

Manager Edwards stated that he has mailed out six copies of the IAWP, Compliance Order, and other pertinent information for Request for Proposals. He stated that he did not single out Montgomery Watson due to a desire for objectivity.

President Ogle recapped the goals of the district at this time: 1) move on value engineering 2) Manager Edwards to work on something with HKM 3) focus on bond election 4) include cost of sludge removal in total bond amount 5) ask Boyne to participate in golf course irrigation plans and 6) pilot snow making project .

Motion was made by Vice President Meabon for Manager Edwards to request value engineering from a maximum of six (6) engineering firms. Secretary Neece seconded the motion and the motion carried.

Inclusion/Exclusion of Properties

Vice President Meabon revisited Alan Kass' petition to the district regarding his desire to be excluded from the district. He asked the question, "where do we draw the line?". He stated that he felt everyone should be included as that is the way the district was formed and anyone who wished to be excluded at that time was given an opportunity to do so.

Mike Wheat will compose a boiler plate letter regarding exclusion from the district.

Manager Edwards stated that one way to make all a benefited user is to mandate that their septic tanks be dumped into the district sewer system at a cost, thus they become benefited.

Mona Jamison stated that the clause in the Montana Code statutes regarding benefited users says exclusion of a property owner who is not "benefited in any way".

Resort Tax Application

Manager Edwards presented two resort tax application proposals to the board and asked for review and changes and or additions. Changes and additions were noted. The reports will be

modified to reflect the changes prior to the submittal deadline of February , 1996 at Big Sky Western Bank.

Summary of Financial Proposals

Manger Edwards stated that he is receiving responses from the request of financial proposals for selling the bond election. He reported that one in particular, Gene Huntington, was impressive and that he has done quite a bit of work in Montana, including Bozeman. He stated that his inclination is to go with Dain Bosworth if references check out.

ADJOURNMENT

There being no further business, Secretary Neece motioned to adjourn the meeting. The motion was seconded by Director Ingraham. The motion carried.

President Ogle adjourned the meeting.

A handwritten signature in black ink, appearing to read 'W.F. Neece', is written over a horizontal line.

W.F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

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BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

SPECIAL MEETING

MINUTES - JANUARY 25, 1996

The Big Sky County Water & Sewer District No. 363 met at 3:00 p.m. on Thursday, January 25, 1996, in the WSD No. 363 Conference Room. Vice President Meabon, Secretary Neece and Director Ingraham, Peacock and Rothschiller were present. Others in attendance were Ron Edwards, Bill Dutton, Grant Burroughs, Patricia Burke, Alan Kass and Anne Sniecinski.

Vice President Meabon opened the meeting to public comment and recognized Allan Kass.

Allan Kass read his petition dated January 24, 1996, to the board stating his reasons why he wanted his property not to be included within the district boundaries and his interpretation of "benefitted user". He also referred to a letter dated October 27, 1993, from Bill Irwin to Chip Hamilton and Hamilton's response denying Irwin's request to have his property removed from the district.

Vice President Meabon stated that the board would have to review the correspondence and discuss the contents and would get back to Mr. Kass with a response to his petition.

It was the concensus of the board to have Mike Wheat draft a form letter in response to correspondence from district property owners who request being excluded from the district boundaries.

With no further public comment, Vice President Meabon called the meeting to order.

Vice President Meabon stated that he wanted to add an item to the agenda under Old Business, i.e. discussion of Robert McBride's letter requesting exclusion of this 5 acres parcel of land from the district boundaries.

The minutes from the January 4, 1996, meeting were reviewed and amended

Motion was made by Director Rothschiller to approve the minutes as amended. The motion was seconded by Director Ingraham and the motion carried.

The minutes from the January 16, 1996, meeting were reviewed and amended.

Motion was made by Director Rothschiller to approve the minutes as amended. The motion was seconded by Director Ingraham and the motion carried.

Bond Resolution Work Session

Manager Edwards asked the board to review the revised draft from Mae Nan Ellingson of Resolution 95-08 for changes and corrections. Changes were noted and will be communicated to Mae Nan for the final draft to be available at the next board meeting which will be scheduled for Tuesday, January 30, 1996, at 1:30 p.m. at HKM in Bozeman.

Vice President Meabon asked if the burden of advertising costs belong to the district and Manager Edwards responded yes. Vice President Meabon stated that the district's policy regarding publishing of ordinances and resolutions needed to be followed for the forthcoming bond election.

Voting procedures for Madison County were discussed and it was decided that "absentee voter" and procedures for absentee voting needed to be defined. Director Ingraham offered that publishing the voting procedures for Madison and Gallatin counties prior to the election would assist and encourage voters.

Manager Edwards suggesting publishing a sample ballot for the public information prior to the bond election.

IAWP

Manager Edwards referred to a letter dated January 19, 1996, from Todd Teegarden citing low nitrogen application, the need for an executed lease agreement for additional land to be used to spray effluent and the requirement for a long term agreement for irrigation on the existing golf course to meet the state requirements.

It was noted that the long term agreement for irrigation on the existing golf course was not a problem. Negotiations regarding securing land for additional effluent spraying are still in the works.

The sewer treatment building was discussed. The architectural renderings need to be presented to the board prior to approval from the Architectural Committee Advisory Board.

Manager Edwards stated that he obtained taxable values for Gallatin and Madison Counties and referred to several debt service schedules based on \$6,800,000.00. He presented four options for allocating debt service costs: 1) flat rate 2.) percentage of annual debt 3.) percentage of resort tax and 4.) annual requests. His report gave the pros and cons of each.

The consensus of the board was to ask the Resort Tax Committee for fifty percent of the annual resort tax fund or \$500,000.00 - whichever is greater for sixteen years.

Categorical Exclusion

The discussion of categorical exclusion was revisited. Manager Edwards stated that the purpose of the exclusion was to keep the district from undergoing an Environmental Assessment. Manager Edwards stated that Mona Jamison suggested that the stipulations do not apply as we were under a Compliance Order and that the calculations of increased load on the system are based on numbers since I & I work has been done and not on data in 1993 prior to the Compliance Order.

Press Communication

Policy for communicating with newspaper reporters was discussed. Director Rothschiller stated that in the past it was understood that any inquiries from reporters must be channeled to the President of the Board of Directors. All present agreed.

Other

The topic of sewer hook-ups was discussed. Vice President Meabon stated that he felt it was in the best interest of the district to simply reply that there is no waiting list or applications for hook-ups until the moratorium is amended. All present agreed.

Adjourn

Motion was made by Director Rothschiller to adjourn the meeting. Director Peacock seconded the motion and the motion carried.

Being no further business, Vice President Meabon adjourned the meeting.


W.F. Neece, Secretary

BIG SKY COUNTY WATER & SEWER

DISTRICT #363

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BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

REGULAR MEETING - JANUARY 16, 1996

3:00 P.M. - DISTRICT CONFERENCE ROOM

The Big Sky County Water & Sewer District No. 363 met at 3:00 p.m. on Tuesday, January 16, 1996, in the WSD No. 363 Conference Room. Vice President Meabon, Secretary Neece and Directors Ingraham and Peacock were present. Others in attendance were Manager Edwards, Mike Wheat, Patricia Burke, Anne Sniecinski and Suzanne Squires.

Vice President Meabon Ogle opened the meeting to public comment. There being no public comment, Vice President Meabon called the meeting to order.

As there were no minutes available for review, Vice President Meabon offered as a substitute a letter of support he had composed on behalf of MSE/HKM Engineering for a job bid in Harlotown, Montana. He asked the board to review and make suggestions and or additions to the letter.

Motion was made by Director Rothschiller to send the letter signed by Vice President Meabon on behalf of HKM. The motion was seconded by Secretary Neece and the motion carried.

Bond Resolution

The board agreed that qualified expenditures (not previously reimbursed through the resort tax fund) be totaled up and reimbursed to the sewer district as eligible proceeds from the bond issue through the State Revolving Fund. The total at present is approximately \$110,000.00.

Vice President Meabon asked for a motion to support the apparent consensus to include engineering , legal fees and other applicable expenditures in the bond election total. These represent fees recoverable to the district and legally can be included in the bond total.

Motion was made by Director Ingraham to determine all engineering and legal and any other applicable costs to be included in the bond election value. The motion was seconded by Director Rothschiller and the motion carried.

Vice President Meabon asked for a motion to describe all land within the district boundaries as beneficial lands to be included in the Bond Resolution.

Discussion of "benefited user" was addressed as it relates to definitions of boundaries in the Bond Resolution. Two specific parcels of land currently on septic systems were discussed.

Motion was made by Secretary Neece to describe all lands within the district boundaries as beneficial lands and excluding only those properties referred to in the Westlands' court order dated June 2, 1989, Paragraph 3 - Assessments. The motion was seconded by Director Ingraham and the motion carried.

Manager Edwards reported that he confirmed with Gallatin County that Aspen Groves was included in the district but that there was some confusion as to the exact date of inclusion as stated in Ordinance No. 95-1002. He stated that he felt an amendment was necessary. Mike Wheat recommended that language be drafted to "clean house" prior to the bond election. Vice President Meabon asked whether it was necessary to advertise the amendments and Mike Wheat stated that he will research the answer to that question.

Manager Edwards presented Resolution 95-08 with revised language and asked the board to review for changes, corrections and/or additions.

The inclusion of lagoons, fencing, aerators, irrigation, professional fees, and land costs were discussed. It was determined that all the afore mentioned costs be included in the total of the bond as well as cost for any further land acquisition relative to the IAWP.

Director Ingraham asked about the mention in Resolution 95-08 regarding Notice of Election in a Madison County newspaper and Gallatin County publication. The conference call with Mae Nan Ellingson confirmed the necessity for notification in both publications as well as contact Shelly Cheney, Clerk of Court with respect to appropriate voting procedures.

A conference call with Mae Nan Ellingson enabled everyone present to ask questions regarding expenditures, benefited users, Aspen Groves, publishing of amendments, time share issues with regards to voting, legal description of Simkins property, and other pertinent issues.

Mae Nan stressed that the final date of adoption is near, February , 1996, and asked for the board to establish a date as soon as possible.

Vice President Meabon suggested that a final draft be ready by Tuesday, January 30, 1996, and to schedule the next board meeting for Thursday, January 25, 1996 to review a final draft. He also asked Mike Wheat to convey the legal guidelines on publishing the amendments and notice for Resolution 95-08.

Environmental Categorical Exclusion

Manager Edwards referred to a letter regarding an Environmental Categorical Exclusion which outlined five requirements: (1.) to new discharge to surface or ground (2.) no more than 30% volume (3.) Population (4.) significant affect on humans or environment (5.) non-controversial to the district.

If these five (5) issues are not satisfied, the District may face an Environmental Assessment. Manager Edwards questioned as to whether these five (5) stipulations applied since the district is currently under a Compliance Order.

Resort Tax Submittal

Manager Edwards stated that the district would benefit from the knowledge of the annual contribution the Resort Tax Committee would award prior to determining a debt service payment schedule as a 16 year commitment from the committee.

The deadlines and requirements for submitting the request was discussed. Ann Sniecinski presented a Resort Tax Schedule to the board which provided information that the district should be informed by March 1, 1996 of the amount awarded by the Resort Tax Committee.

Director Ingraham stated that the district should not cut itself short in its application especially due to the fact that when the moratorium is lifted, more resort tax dollars will be generated. Director Rothschiller stated that the district should not present their request in such a way that showed greed. Secretary Neece pointed out that using Resort Tax dollars would directly effect the amount each property owner in the district would be assessed due to reducing the amount of the bond.

The lease agreement to Paul Cronin was discussed. Mike Wheat suggested phoning Paul Cronin regarding the lease agreement and letting him know that there are no guarantees on hookups (SFE's) but that the district is in a position to enter a monetary lease agreement for spray irrigation on his land.

Mike Wheat stated that he would contact Paul Cronin and report back to the district.

Adjourn

Motion was made by Secretary Neece to adjourn the meeting. The motion was seconded by Director Rothschiller and the motion carried.

Being no further business, the meeting was adjourned by Vice President Meabon.



W. F. Neece, Secretary

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DISTRICT #363

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**BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363
SPECIAL MEETING
MINUTES - JANUARY 4, 1996**

The Big Sky County Water & Sewer District No. 363 met at 3:00 p.m. on Thursday, January 4, 1996, in the WSD No. 363 Conference Room. President Ogle, Vice President Meabon and Directors Ingraham, Peacock and Rothschiller were present. Others in attendance were Manager Edwards, Doug Bing, Patricia Burke, Grant Burroughs, Bill Dutton, Bill Murdock, and Anne Sniecinski.

President Ogle opened the meeting to public comment. There being no public comment, President Ogle called the meeting to order.

Motion was made by Vice President Meabon to approve the minutes from the special meeting of December 28, 1995. Director Ingraham seconded the motion and the motion carried.

Financial Report

The board reviewed a WSD No. 363 income statement and balance sheet prepared by Bill Dutton showing collected users fees as well as delinquent dollar amounts to date.

President Ogle recommended that Manager Edwards and Bill Dutton compose a letter regarding late fees and draft a policy regarding filing of liens for delinquent customers with delinquent sewer assessments.

Manager Edwards suggested drafting a resolution on user fee collections and lien rights for delinquent accounts. He stated that he would ask Mike Wheat to draft a resolution and would present it to the board at the next meeting.

Director Rothschiller inquired about the budgeted salary increase for the district operator, Grant Burroughs. All present agreed that if indeed it was budgeted, that the increase needed to be recognized. Vice President Meabon stated that in the future personnel evaluations based on performance and merit should be the responsibility of the manager and not the board.

Motion was made by Vice President Meabon to accept the financial report. Director Rothschiller seconded the motion and the motion carried.

IAWP Progress Report

Manager Edwards referred to a letter from Todd Teegarden, Water Quality Bureau, stating that the approval of the IAWP was contingent upon (1.) land appropriation for the additional storage and (2.) approval according to state specifications.

Manager Edwards stated that Bill Dutton would be compiling all applicable IAWP engineering and legal costs for 1994-95 and have a report available for the next scheduled board meeting.

The new copies of the Long Term Compliance Work Plan (LTCWP) have been completed by HKM and are available in the district office.

Manager Edwards spoke with Ray Armstrong regarding pilot snow making. He stated that there were two packages available at a cost of \$3,000 to \$5,000 per month and would be available the first week of February 1996. The units offer options for flexibility to meet various water quality specifications.

Vice President Meabon suggested calling other ski resorts in Montana to see if there would be any interest in contributing funds for a pilot snow making research project. He also suggested contact Mike Wheat and have him determine if Boyne would be interested in the snow making project and possibly using funds from the MOU.

Manager Edwards distributed an example of a debt service schedule for a bond election based on 6.5 million dollars at 4% interest.

Land Swap

The land swap issue concerning postal access, the WSD No. 363 and Doug Bing was discussed.

Doug Bing stated that he would be responsible for moving the fence when and if the land swap was completed.

Vice President Meabon re-addressed the issue of who owns the strip of land that would allow the district to maintain access to the ponds and also questioned if the land swap would indeed satisfy the post office and stop their complaints to the BSOA regarding turn-around space for the postal delivery vehicles.

Bill Murdock, Executive Administrator/BSOA, stated that there was to date nothing in writing regarding the post office's concerns, but that he certainly would expect the post office to be a part of the actual land swap agreement which would require written documentation.

President Ogle stated that he would go to the Gallatin County Court House to determine ownership of the parcel of land in question but that it would be the responsibility of Doug Bing and Bill Murdock to facilitate the acquisition of said land parcel prior to the land swap.

Motion was made by Director Rothschiller to proceed with the land swap between Doug Bing conditional upon the acquisition of any properties east of the district's boundary which may be owned by Boyne. Vice President Meabon added to the motion "or any other party who may own the property east of the district's boundary and also conditional upon approval of a designated postal authority. Director Peacock seconded the motion and the motion carried.

New Business

Mona Jamison researched the requirements regarding a public hearing for the bond election and found it unnecessary. A public information meeting was discussed by Manager Edwards and he presented a proposed format for discussion. Manager Edwards suggested a target date near mid February for such a forum. He stated that he had sent a letter to Gallatin County (copied to Madison County) informing of the eminent bond election in April.

Manager Edwards presented a draft for a request for proposal of a financial consulting service. He stated that Mae Nan Ellington has provided a few sources for the bond election promotion and asked the board to review his proposals and offer their suggestions and/or additions.

Motion was made by Vice President Meabon for Ron Edwards to engage a financial consultant with funds approved up to at a maximum of \$10,000 and advise the board of his action. The motion was seconded by Director Peacock and the motion carried.

Resort Tax

Bill Dutton reported that he met with Mike Richards, Committee Chair, regarding clarification of the Resort Tax requirements. The deadline for submitting application for funds is January 31, 1996.

Operator's Report

Grant Burroughs reported that HKM omitted a very important part of the IAWP - all sewer repairs made during 1995. He stated that his comprehensive report on 1995 repairs needed to be included in the IAWP.

Vice President Meabon suggested sending the sewer repairs report to Ray Armstrong and he in turn would send it to Todd Teegarden, Water Quality Bureau, as an amendment. All present agreed.

Grant Burroughs gave a detailed and comprehensive report on irrigation, flows, and pond elevations.

President Ogle stated that the conditions of the ponds have changed due to pond levels, aerators, and temperature gradient and that he recommended determining potential effects as pond levels fluctuate. President Ogle stated that conservation methods needed to be implemented.

Grant Burroughs suggested that when pond levels are rising, water could be pumped via a recirculation pump from the sewer pond to the trout pond which would extend time before other emergency means were implemented.

Vice President Meabon suggested budgeting for the 1995-96 Fiscal Year for additional I & I work.

Other Business

Manager Edwards stated that he has been asked to attend and give a brief presentation on the WSD No. 363 at a pot luck dinner and public forum sponsored by the Citizens For Better Government at Bucks T-4 on Sunday, January 6, 1996, at 5:00 p.m. All present agreed that it would be excellent public relations for him to do so.

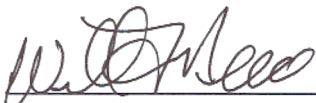
Correspondence

A letter from Robert McBride requesting removing his five acre parcel from the district was discussed.

Adjourn

Motion was made by Vice President Meabon to adjourn the meeting. Director Rothschiller seconded the motion and the motion carried.

Being no further business, President Ogle adjourned the meeting.



W. F. Neece, Secretary