

**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – January 15, 2013**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, January 15, 2013, in the WSD Community Room. President Packy Cronin called the meeting to order with the following Board members present: Secretary Dick Fast and Directors Jeff Daniels (left at 10:00 am), Les Loble, Brian Wheeler and William Shropshire (arrived at 8:40). WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Peter Bedell. Others present were Tom Reeves, BSOA representatives Mindy Nowakowski and Susan Scott, and Gallatin Associates/Meadow Village Tract 5 representatives Jerry Scott and Al Malinowski.

**PUBLIC FORUM**

President Cronin called for public comment at 8:32 am. Susan Scott stated that BSOA was notified by owners who have concerns regarding the ordinance amendments and asked the board to extend the comment period due to the short notice given by the District for commenting.

With no further public comment, President Cronin called the meeting to order at 8:34 am.

**MEETING MINUTES**

*Director Loble moved to approve the minutes of December 18, 2013, as written. Director Wheeler seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Cronin voting.*

**FINANCIALS**

Financial Reports: Smith reported that 4<sup>th</sup> quarter ended with revenue estimates on target. At this point, both water and sewer are in the black with operating revenue at 108% and operating expenses at 95%. According to Smith, going into 1<sup>st</sup> quarter the District looks good financially.

*Director Fast moved to approve the December financials as presented. Director Daniels seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Cronin voting.*

SRF Loan Certificates: Edwards reported that the paperwork for the bonds from 2004 was closed out by DNRC. The last payment for the 20-year bonds will be in 2023.

**AMEND AGENDA**

*Director Fast moved to amend the agenda to discuss the director appointment. Director Daniels seconded the motion. Motion unanimously passed.*

**DIRECTOR APPOINTMENT**

President Cronin noted that at the last meeting a committee was appointed to interview two candidates for the board appointment. As committee chair, Director Fast reported that Peter Manka and Tom Reeves were interviewed with both candidates being very impressive. The committee unanimously recommended to the board to select Tom Reeves to fill out the unexpired term to the board. Director Fast asked that Edwards stay in contact with Peter Manka for future service to the board. (Director Shropshire arrived at 8:40 am)

*Director Fast moved to approve the appointment of Tom Reeves for the one-year appointment to fill the seat vacated by Bill Shropshire. Director Daniels seconded the motion. Motion approved, 6 yea votes to 0 no votes. Director Fast asked that Edwards send Peter Manka a letter.*

### **MEADOW VILLAGE TRACT 5 PERMIT FEES**

Edwards reported Al Malinowski submitted a letter formally requesting that, when they build on Meadow Village Tract 5, the development surcharge permit fees be waived in consideration for their releasing unused SFEs back to the District per the ordinance amendments.

### **ORDINANCE 97-1001 THIRD READING DRAFT**

In regards to Susan Scott's request for an extension on the comment period, Edwards reported that a formal public hearing had not been noticed as this is only required if the ordinance amendments included a rate increase. The informational letter sent to customers with their 4<sup>th</sup> qtr statement on the proposed amendments was the first formal notice regarding the ordinance amendments. Edwards and President Cronin stated that, instead of Table 3.01 dictating building, the objective of the amendments was to merge county zoning with our permitting process, thereby trying to allow building according to zoning if the property is in the District. If the amendments are adopted as written, SFEs cannot be moved once the first permit is issued for a property and any unused SFEs would revert back to the District. According to Edwards, this has been the biggest issue with the amendments and is the situation with the proposed development for Meadow Village Tract 5 and there are also a couple of other properties that would have excess SFEs for what could potentially be developed. Edwards reported that with the Madison County master plan approved, the District does have some comfort with density allowed in the mountain area. Director Wheeler reported that Madison County has its growth policy update in a week. Edwards noted that the District did not receive the letters of concern to which Susan Scott referenced as BSOA receiving. Scott clarified that the BSOA board has not had a chance to review the amendments and that they will meet this Friday.

Al Malinowski stated that he summarized their position in his letter dated January 8, 2013, to the District where he asked the District to waive the Boyne surcharge portion of the permit fees. They are simply looking for the District to look at the value of the SFEs they are giving up and are looking for a way to be compensated for the 25-30 SFEs they will not use as the District will be getting the SFEs back for issuing permits on other property. Malinowski noted that Tract 5 property originally had 29 SFEs assigned and they paid more for the property with these SFEs, plus they have since transferred SFEs from their meadow village commercial project. They feel that these SFEs have a value and their property has been appraised using the value of SFEs. They do not want to lose their financial investment in these SFEs. President Cronin reported that all SFEs on Tract 5 are encumbered with the Boyne surcharge and feels that the District should be hesitant to unencumber the SFEs as that was part of a lawsuit and the District would be messing with a court order if it doesn't collect on the encumbered SFEs. Director Loble commented that he does not understand where the developers are being deprived of value under the amendments as they would make a return on their investment just through developing their property, thereby recapturing their investment. With the proposed change in the ordinance, Malinowski sees urgency for them to either be compensated, or being able to move the unused SFEs to another property. In the past, they have had the luxury of being able to move SFEs after they were done with the development. Edwards stated that if the 20+ SFEs are reverted to the District they would be available to be issued somewhere else. Board members agreed that if property is encumbered, then the SFE Boyne surcharge would have to be paid, if the property was not tied back to the settlement then the surcharge would not apply. *This surcharge issue will need clarification in the amendments.* Jerry Scott noted that 17-18 years ago SFEs were considered as gold and back then the board did not want the SFEs to be a commodity, but they were as SFEs allocated to the property dictated the price of the property. By asking the

District to waive the surcharge, Scott feels their idea was fair compensation to them for giving unused SFEs back to the District. Scott said that they can go through the process to transfer the SFEs to other property to protect their investment. As currently written, Director Shropshire read that Section 4.4 of the ordinance requires that "from" and "to" land be owned for a year before you can transfer SFEs. Edwards reported that this section of the ordinance was amended a few years ago with the intent to eliminate the game of transferring SFEs for development. Scott believes that Edwards told them they would have the ability to transfer the SFEs to another parcel. When asked where they would transfer SFEs, Scott stated that they would probably look for a parcel on the mountain where the master plan is weak and they would delay building on Tract 5 for a year. Director Fast noted that the transfer would not need to occur as this unknown property would be approved for development if the property was in the District and the permit application fit zoning, or the master plan. Director Reeves stated that it seems to him that the District is taking away the value of an SFE through the amendments. President Cronin said future permits would be granted if the development plan fits zoning, master plan, geography, etc., and he doesn't feel that the District is devaluing property. With the Town Center openly setting the price of property with a specific number of SFEs, Director Fast asked what would happen if someone bought land in the Town Center without their SFEs and then came to the District for a permit to build what zoning allows. Director Wheeler feels that this is a transition regarding the Scott/Malinowski request and the proposed amendments, and he is glad to see the shenanigans of transferring SFEs go away. Edwards reported that with improvements to the District's infrastructure that have been done over time, we are now able to do away with the Table and go with zoning for permitting. Malinowski feels that the ordinance amendments do impact the value of their property, but they are not married to their proposal and would consider a proposal from the District. Scott stated that if it was just 1, or 2, SFEs they wouldn't be at this meeting asking for compensation. According to Scott, they are unique as they have decided not to develop to maximum capacity as allowed by zoning. Director Loble noted that Malinowski picked \$3,500 for compensation and asked how they came up that figure and how does the District know what that value really is. Malinowski said the number is somewhat arbitrary, but they felt that the District would think their figure was reasonable compensation. Board members discussed their concern about the precedence that would be set by compensating Scott and Malinowski and the likelihood of opening the door for others to ask for either cash compensation, or credit compensation. Director Loble stated that the ordinance amendments are a policy change and the board wants to get out of this artificial mess that was created by use of Table 3.01. Edwards explained that as development pressure slowed it was a good time to amend the ordinance, but that the District will not be able to totally divorce tracking SFEs as we have a settlement with Town Center and Boyne, and agreements with YC/Spanish Peaks. Edwards reported that the District just wants to get close to what is allowed by zoning. Edwards stated that this is the third reading of the amendments, but that the board does not have to approve it at this reading. Director Shropshire stated that the issue with the amendments is primarily the District's restriction of not allowing the transfer of SFEs once a permit has been issued. The District does not want to monetize SFEs and Malinowski's proposal does just that. To eliminate any requests for compensation, Director Shropshire suggested changing the provision of owning the property for a year and Edwards suggested an alternate change where SFEs could be transferred when the project was completed, or built out. Director Wheeler feels

that if the District had already amended the ordinance to stop the transfer train, why then would the board want to open up reallocation and take a step back. Edwards feels that when a project is started, it is easy to define, but completion is harder to define. Director Shropshire feels that with changing the word "to," Scott/Malinowski could still transfer SFEs. Scott feels that under this scenario, the District is still devaluing the SFEs and wanted to know why the District would put any restrictions on transferring SFEs. Malinowski compared their SFEs to a liquor license and reported that they have played by the rules in their acquiring and transferring SFEs and asserted that they are losing value by the proposed amendments.

President Cronin stated the issue was at a crossroads...where the District wants to demonetize the SFEs and Scott/Malinowski are trying to attach a price tag to SFEs. President Cronin acknowledged that the main objective of the ordinance and the amendments is to serve property in the District.

Mindy Nowakowski asked at what point do the original Boyne owned properties stop having a surcharge applied, or does it go into perpetuity. Edwards explained that properties listed in the settlement will always be required to pay a surcharge on SFEs. Director Wheeler reported that Boyne property title reports state that the buyer has to check with Water and Sewer District for fees. Director Wheeler suggested that the District may need to file paperwork on the surcharge at some point.

Nowakowski reported on her perspective of the shortfall of how zoning density was assigned in the canyon and feels that zoning would put a huge discretion on the board. (Daniels left meeting at 10:00 am) Director Loble didn't feel that the board should let hypothetical situations stop the District from moving forward.

Directors Shropshire and Loble asked that a redraft of the ordinance be prepared with the change in wording on the transfer of SFEs. *Edwards will make a change on what qualifies for reallocation under Sections 4.1 and 4.4 (either by defining what the end of a project is, or changing the wording on 4.1). The Board will address the ordinance at the next meeting.*

### **SEWER OPERATIONS**

Peter Bedell reported that the District recorded the second highest flows on record over Christmas week, with a peak of 638,000 gallons on December 31, 2012. Bedell also reported that some equipment went down that had to be replaced, but everything is working now. Edwards reported that the highest flows were in 2005.

### **WATER OPERATIONS**

Muscat reported that the Meadow Village year-end production report is up due to the leaks, but they have been fixed. Through the use of a master meter on the main service line to Park Condos, a major leak was located under a garage and fixed. Muscat feels that the remaining cooper line in Park Condos will fail at some point. President Cronin asked if the District should budget for repair and replacement of the Park Condo line. Lone Moose had high flows with one of their wells producing lots of air. Yellowstone Club is getting their leaks down. The wiring for the two new wells in the meadow is done and the wells will be online this summer once the chlorination is addressed. According to Muscat, overall things are in order. The District has not had any frozen water lines yet this winter, but they usually arise in April.

**Water Rights:** Edwards reported that he filed for 20-year extensions on two water rights for the three wells in Aspen Groves and for the two wells in Lone Moose Meadows as the areas are not fully built out. According to Edwards, DNRC should have no basis to object to the applications. Edwards has talked to BSOA on the District's water rights in the middle fork and the money BSOA set aside for dredging. Edwards is concerned with mountain well #7 and will file an extension on that well this year. Edwards's concern is if the water rights was not correctly filed for where the water is used, then it may be a problem. Without the District using as much water as the water rights allow (the District didn't using any this year), Edwards is concerned if the DNRC will cut back on water rights. With that concern, that is part of the reason why Edwards has not submitted an application. President Cronin stated that if there is any doubt about having the water rights reduced then his comfort level is gone. The District either needs to move ahead with the BSOA's plan, or release BSOA from the project so that they can reuse their funds they set aside for the project.

#### **YC RECLAIMED WASTEWATER USE AGREEMENT**

Director Shropshire stated that in the last meeting minutes, it was noted that treated wastewater was not pumped to YC and this is setting precedence. Someday it will be a problem that YC is not using reclaimed water for irrigation and the board needs to address this issue. Edwards noted that YC is still obligated to increase their storage capacity.

#### **PILOT SNOWMAKING PROJECT**

Edwards reported that the snowmaking project is finished and the report was sent to DNRC. Edwards feels that is was a good project. The conclusion is that containment of run off needs to be addressed unless a discharge permit is issued. Edwards reported that DNRC can now issue discharge permits for snowmaking.

#### **PROPOSED DEVELOPMENTS & SUBDIVISIONS**

**Town Center Grocery Store:** Edwards reported that TD&H Engineering submitted general paperwork for a grocery store proposal in the Town Center. Edwards did not know the size of the store being planned as no specific paperwork for a permit has been submitted.

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

Edwards reported that no permit applications were received.

#### **GENERAL CORRESPONDENCE**

Smith reported that The Lodge (formerly Mountain Inn) amended their covenants and their 91 base charges have been reduced to 15. Mindy Nowakowski reported that this number may drop even more if Lone Peak Management buys the remaining individual units.

#### **BOARD APPOINTMENTS**

Director Fast moved to appoint Director Loble as Vice President. Director Reeves seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Cronin voting.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, February 19, 2013, at 8:30 am.

**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – February 19, 2013**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, February 19, 2013, in the WSD Community Room. President Packy Cronin called the meeting to order with the following Board members present: Vice-President Les Loble, Secretary Dick Fast, and Directors William Shropshire, Brian Wheeler, Tom Reeves, and Jeff Daniels (arrived at 8:40 am). WSD staff present were Ron Edwards, Marlene Kennedy, and Terry Smith. Others present were Tract 5/Gallatin Associates representative Al Malinowski and BSOA representative Susan Scott. District legal counsel, Susan Swimley, joined the meeting for the discussion regarding Farmhouse Partners.

**PUBLIC FORUM**

With no public comment, President Cronin called the meeting to order at 8:34 am.

**MEETING MINUTES**

*Vice-President Loble moved to approve the minutes of January 15, 2013, as amended. Director Reeves seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Cronin voting.*

**FINANCIALS**

Smith briefly reviewed the budget vs actual. Smith reported that the District is on target for sewer and water, both being in the black and in line with what he expected.

*Director Shropshire moved to approve the January financials as presented. Vice-President Loble seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Cronin voting.*

Credit Card Payments: Smith provided an update on the use of the credit card payment system where the District now has about 140 users paying by credit card. The District has collected about \$16,000 in water and sewer fees, plus the 3% convenience fee. Twenty-four customers have set up their account to be paid automatically with a credit card. Edwards reported that the board had made a decision that the District would cover the \$1,200 annual subscription fee for the first year. The board will have an opportunity to review their annual contract and can change to the other the option that allows the credit card company to sell add space to offset the 3% fee. *(Director Daniels arrived at 8:40) Edwards will put the credit card fee issue on the agenda for a discussion point at a future meeting.* President Cronin noted that the board initially decided to not use advertising as they did not want to appear to be endorsing any entity that may advertise.

**ORDINANCE AMENDMENTS—Third Reading Draft**

Edwards reported that he received one comment from Jack Sukin, but Sukin's letter had no relevancy to the draft ordinance amendments in that Sukin wants well drilling in the District allowed. Edwards reported that he met with Jerry Scott and Al Malnowski and they expressed their perceived unfairness of providing building capacity for properties that have not been paying into the system. President Cronin reported that at the time the table was created, if a property owner did not come to the District asking for development capacity, they weren't included on the table created by the contracted engineers. Vice-President Loble stated that a utility has an obligation to serve properties in their boundaries and it shouldn't mean anything just because property was not included on a table. President Cronin reiterated that property needs to be served if it is the District. Edwards explained the situation where the grocery store wants to build apartments over its store but there

are no SFEs to allow the change in use even though zoning allows it. Director Wheeler reported that properties (i.e. Olson properties) have been bought and sold according to development capacity as known in the ordinance and the sale price has reflected the SFE allocation. The board recognizes that the ordinance was the mechanism for restrictions in development. Director Fast felt that with the ability to transfer SFEs, properties were not undevelopable. Referencing Malinowski's letter from January, Edwards asked if the requested value of \$3,500 credit per SFE was reasonable. Edwards noted that he rewrote the reallocation section 4.1, allowing a two-year timeline to transfer the SFEs once the first permit is issued. *Edwards will clarify that SFEs cannot be reallocated to another ownership interest, maybe by just deleting "or ownership interest."* President Cronin cautioned that the board cannot just open the boundaries of the District and asked Malinowski if there is a parcel of land that he is thinking about transferring the SFEs to other than Section 27. Director Wheeler reported that properties in the town center are sold according to the total SFEs the buyer wants and asked what would happen if property was bought from Simkins without SFEs and then the property owner came to the District to build. Malinowski stated that they are trying to find a way to be compensated for the value of the SFEs they paid for and are also trying to find a way to use their SFEs. Malinowski asked what criteria the board will use to assign SFEs when people want to build. Malinowski reported that they want to hold the SFEs and use them themselves, but came up with the \$3,500 per SFE value if reverting SFEs to the District. Vice-President Loble noted that Malinowski and Scott made their decision on the number of SFEs they are using in developing Tract 5, the District has not dictated what they can develop, or the amount of SFEs they use. Vice-President Loble reported that governmental agencies do change policy in various governmental situations. Agreeing with Vice-President Loble, President Cronin asked Malinowski if he had a bill of sale for the SFEs and stated that by Malinowski creating what he thinks is a commodity for the SFEs isn't the District's problem. President Cronin stated that it is the District's obligation to serve property in the District. Edwards said the District is trying to avoid any lawsuits by amending the ordinance to allow the District to serve all properties in the District. Edwards noted that the additional SFEs parked on Scott and Malinowski's Tract 5 is what is creating the problem. Most board members stated that the District shouldn't be rewriting the proposed amendments to accommodate a single party and doesn't see that there will be any point in transferring SFEs in the future with the ordinance amendments. With all board members in agreement, the ordinance will be written to allow a two-year sunset for reallocating SFEs and then it goes away. *President Cronin directed Edwards to draft language that creates a two-year sunset and present it to the board for possible adoption at the next meeting. Vice-President Loble directed Edwards to have the language drafted and distributed to the board within 10 days.* Edwards stated that he needs to think about the down sides of lifting the one-year land ownership requirement. Vice-President Loble felt that the board can circulate their thoughts on the draft, but the board members cannot get into a discussion. President Cronin recommended that board members send comments to Edwards so that he can incorporate their thoughts in the rewrite. Malinowski thanked the board for giving them an opportunity to do something with SFEs before the District changes the rules. Edwards reported that he did not receive any comments from Susan Scott/BSOA. It is the intent of the board to adopt the amendments at the next meeting. Edwards stated that the second step to serving all properties already in the District is by expanding the debt service/bond jurisdictional areas and adding those properties to the tax rolls.

#### **AMEND AGENDA**

*Vice-President Loble moved to amend the agenda to address Farmhouse Partners (item 6). Director Daniels seconded the motion. Motion unanimously passed.*

### **FARMHOUSE PARTNERS**

Edwards noted that by the District putting the PIC fees on the tax rolls that put the District ahead of the bank. The bank pointed out that with the terms of the original agreement with Farmhouse partners the District cannot be ahead of the bank. The PIC fees were reversed from the tax roles as Susan Swimley felt that we had no legal standing. Director Wheeler reported that Boyne has over a quarter million setting on the land and they are also going forward for collection and it will get more clumsy and messy. Edwards stated the one option the District has is to shut off service until the PIC fees are paid. Swimley reported that she has told the bank that the service will be shut off to the building until the fees are paid. Edwards noted that the District is serious about getting paid for the PIC fees, but that the bank has to get paid before the District.

**Vice-President Loble moved to instruct the District's attorney to file a document of record on Farmhouse Partners to indicate the amount owed the District and unless the amount is paid the water and sewer service will be shut off on the auction date. Director Wheeler seconded the motion. The board discussed setting a date for payment. Motion unanimously passed. *Swimley will prepare a one page document to record this week.***

Edwards informed Swimley that he will be working with her on the ordinance amendments that will allow a two-year sunset for transferring SFEs with the rest of the ordinance going into effect at adoption. *Vice-President Loble directed Edwards and Swimley to prepare and distribute the draft document to the board within 10 days.*

### **THE LODGE**

Edwards noted that The Lodge has aggregated most of their units.

### **SEWER OPERATIONS**

Edwards reviewed Burroughs flow reports noting that we have the same year to date flows as last year. Edwards reported on the pump retrofitting and stated that two new replacement pumps will be ordered. Edwards will talk with Armstrong/Dowl HKM later this week about the engineering that he is doing at no charge to the District.

Spotted Elk Sewer Rehab Project: Edwards reported that the problem with the sewer line is mostly infiltration and he and Burroughs will be meeting with engineers to review the plans.

### **WATER OPERATIONS**

Edwards reported that water production is up 700,000 gallons for the month in January. According to Director Wheeler, this increase would be consistent with Boyne's house count being up and with the skier count also being up 20,000. Edwards noted that keeping up with water demand is only a problem in the summer when there is irrigation.

Consumer Confidence Report: As required by DEQ, the District must send its customers an annual consumer confidence report. According to Edwards, the District will be able to satisfy this requirement by referencing the CCR availability on its website via the next quarterly statement to District customers.

Meadow Wells 4 & 5 Project: Edwards reported that the motor control panels for the two new wells will be installed this week. Edwards will be trying to compromise with DEQ on what they will require for disinfection and offer to disinfect just new wells 4 and 5. Edwards wants to get to a position where the District can run the wells when needed, i.e. during high demand in the summer months.



### **SEWER & WATER PERMITS**

Edwards reported that no new permits were issued this last month. Edwards reported that he met with Lilly Lopker regarding their concern about the District's change from calculating SFEs by bedrooms and bathrooms to square footage and them not having sufficient SFEs for build out at Cascade Ridge. Edwards reported that he told Lilly Lopker that as long as they are building out Cascade Ridge with the same plans, the District would approve their permit applications. Edwards also reported that Lilly Lopker were looking into the sale of the Spanish Peaks development. Edwards noted that the auction date for Spanish Peaks is in early March.

### **YELLOWSTONE CLUB**

Edwards talked about YC not using treated wastewater and wondered if we should force their hands on this issue. With the ownership of Spanish Peaks and Lone Moose being split from YC, YC's commitment for wastewater use storage capacity may be a problem. Edwards feels that the District is looking at a disturbing trend with YC not using the wastewater pumped to their pond, which ties to the SFEs for capacity for Spanish Peaks and Lone Moose. Edwards suggested that the District look at reducing the number of SFEs available to Lone Moose. *Director Shropshire wants the District to put YC on notice regarding the use of treated wastewater.*

### **RESORT TAX TOWN HALL MEETINGS**

Edwards suggested possibly asking for about \$200,000 in resort tax funding to offset infrastructure depreciation costs. Vice-President Loble reported that the resort tax board is looking towards the future and has a bill before the legislature to provide the resort tax district the ability to issue bonds for infrastructure.

### **GENERAL CORRESPONDENCE**

There was no general correspondence that required board action.

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, March 12, 2013, at 8:30 am. *Vice-President Loble asked that the ordinance amendments be sent out earlier than the 10 days originally asked for. The board directed Edwards to have the YC wastewater use on the next board meeting agenda.*

### **ANNUAL DINNER**

Edwards suggested March 8 for the annual dinner and has talked with Curley Shea.

### **ADJOURNMENT**

*Director Wheeler moved to adjourn the meeting at 10:48 am. Vice-President Loble seconded the motion. Motion unanimously passed.*



Dick Fast, Secretary

amount owed (promissory note and water and sewer fees) to bring the account current. Smith reported that Farmhouse owes the District approximately \$146,000. President Cronin felt that the District should not allow an additional extension for payment beyond what would be reasonable to get the payment request processed and the check written. Smith reported that some other entity had paid the Farmhouse taxes last year. As a courtesy, *Vice President Loble suggested that Smith report the tax payment to Dabney.*

#### **SPANISH PEAKS PARTNERS**

Edwards distributed bankruptcy court documents on the notice of sale and bidding procedures regarding Spanish Peaks that specify a hearing date of June 3, 2013.

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

There was permit activity for the board to review.

#### **RESORT TAX APPLICATION**

Edwards suggested three possibilities for resort tax applications: 1) Requesting \$100,000 for bond debt instead of the \$300,000 requested and denied last year. This would provide a small tax relief to property owners. 2) Submitting an application for cost sharing of asset depreciation as the resort tax district board has discussed funding depreciation through the creation of some sort of sinking fund. This would offer a relief to rate payers, not just property owners. 3) Through collaboration with BSCC, submit an application with a 50% cost share to purchase the 16-acre parcel below the treatment plant. This would provide a buffer zone around the treatment plant/ponds and provide possible expansion of walking paths and parking for the community park.

Vice-President Loble stated that he liked the third proposal of buying land together with the BSCC as the resort tax district is sensitive to the idea of collaboration and looks favorable toward joint efforts. The board liked the idea of creating a buffer zone around the treatment plant and having the entry corridor property going to a public entity.

The resort tax schedule is April 3 for the deadline for submittal of applications, May 8 for their question and answer meeting, and June 12 for their appropriations meeting.

#### **GENERAL CORRESPONDENCE**

Edwards distributed snowpack reports for board information only.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, April 16, 2013, at 8:30 am. *Edwards will confirm with Swimley on her availability to attend the meeting.*

#### **ADJOURNMENT**

*Vice President Loble moved to adjourn the meeting at 10:09 am. Director Wheeler seconded the motion. Motion unanimously passed.*



Dick Fast, Secretary

**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – March 12, 2013**  
**WSD Community Room**

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, March 12, 2013, in the WSD Community Room. President Packy Cronin called the meeting to order with the following Board members present: Secretary Dick Fast, and Directors Tom Reeves and Brian Wheeler. Director William Shropshire participated via telephone. Vice-President Les Loble and Director Jeff Daniels arrived at 8:40 am. WSD staff present were Ron Edwards, Marlene Kennedy, and Terry Smith. Others present were Tract 5/Gallatin Associates representatives Jerry Scott and Al Malinowski.

**PUBLIC FORUM**

With no public comment, President Cronin called the meeting to order at 8:36 am.

**MEETING MINUTES**

*Director Reeves moved to approve the minutes of February 19, 2013, as written. Director Fast seconded the motion. Motion passed, 5 yeas to 0 nays with President Cronin voting.*

**FINANCIALS**

Smith reported that the financials are either on target, or favorable, with positive balances at \$40,000 for sewer and \$72,000 for water.

*Director Fast moved to approve the February financials as presented. Director Reeves seconded the motion. Motion passed, 5 yeas to 0 nays with President Cronin voting.*

SRF Loan Refinancing: Smith reported that DNRC is offering a reduced rate for refinancing the District's current State Revolving Fund loans. With the new interest rate at 2.25%, the District will save approximately 1.43 million by refinancing. Smith stated that he will ask the board at their April 16 meeting to approve a bond resolution for refinancing with a closing on April 29. (Vice President Loble and Director Daniels arrived at 8:40 am). The board briefly reviewed the options on repaying the bond debt outlined in the manager's report. *Smith and Edwards will prepare a document reviewing the options for the board to consider at their next meeting.* Smith reported that he has to submit estimated mills to the counties by the end of April. Edwards noted that the certificates of valuations will not be available from the Department of Revenue until August. Vice-President Loble asked if the board decision should be made in August instead of April. *Director Shropshire asked if there was an advantage of prepaying and asked staff to run comparative numbers to present at the next meeting.* Board members liked the idea of District property owners seeing some cost savings by reducing the mill levy.

*Director Reeves moved to approve the resolution for updating signatories on accounts at Big Sky Western Bank, First Security Bank, and American Bank as requested by Smith. Vice President Loble seconded the motion. Motion passed, 7 yeas to 0 nays with President Cronin voting.*

**ORDINANCE 97-1001 Third Reading Draft**

Edwards reported that, as requested at the last board meeting, he made revisions to Article 4 on SFE reallocations and also met with legal counsel, Susan Swimley. Edwards prepared a report on some of the pitfalls of the proposed change in reallocation of SFEs. Edwards stated that Swimley did not have the time to prepare a legal opinion prior to the board meeting and that she will elaborate later. According to Edwards, Swimley seemed to think two years was a reasonable timeframe if a sunset period for transferring SFEs was adopted. Edwards noted that bench-mark documents with entities such as Westland TM, Boyne, and YC/Spanish Peaks stipulate capacity allocations and asked Susan if these separate agreements could be treated as stand-alone development pools of SFEs, and not opened up to the sale of SFEs. Edwards reported that if the transferring/reallocation/sale of SFEs was opened up, that Swimley's sense was that all property owners in the District would be in the same pool/category regardless of prior agreements. The board discussed Edwards's report on phasing out SFE reallocation from one parcel to another, opening the transfer of SFEs for a two year period, and the potential issues by doing this. Board members expressed concern that by providing a sunset for reallocation of SFEs without the joint ownership requirement could create a claim to additional entitlement. Director Reeves asked if the board would approve a development according to zoning density for areas such as Spanish Peaks even if they initially did not have that number of SFEs allocated. Edwards reported that entitlements for capacity (Table 3.01) have always determined what has been approved, and that the District does not have capacity for full build out with the District's current infrastructure. Vice President Loble's opinion was that if the amendments are put into effect, as drafted, it wouldn't matter who currently owns the SFEs as it would allow the selling of SFEs from one property to another for development. If the District does not permit the transfer of SFEs without joint property ownership, then the unused SFEs would revert back to the District. Director Wheeler feels that a key component the board needs to consider is if annexation will be allowed for using SFEs for property currently outside of the District. Director Wheeler stated that the District needs to consider the big picture of SFE reallocation; which involves master planning, zoning, Madison County, and annexation. Vice President Loble expressed his concern about the potential for creating a large market place to sell SFEs. If it is Swimley's opinion that the sale of SFEs should be open to all developments regardless of prior agreements or court orders then Edwards stated that there still needs to be a nexus between permitting and what the District has for capacity. Director Fast asked if, for instance, Spanish Peaks came to the District with a development plan that required 1,500 SFEs, and they originally had a limit of 1,000 SFEs, would the District then allow/approve their request. President Cronin stated that he was not thinking that the result of the ordinance amendments would lead to scrapping these original capacity agreements, and asked if the District can hold these entities to their original agreements as he believes the District should. Director Wheeler stated that the District's due diligence is complex when considering the agreements with YC, Spanish Peaks, and Lone Moose. *Vice President Loble would like Swimley at the next meeting to elaborate her thoughts on the transfer of SFEs.* Director Shropshire asked about the term "selling" of SFEs as written in Edwards report from his meeting with Swimley. Director Shropshire thought the District's original intent was to de-monetize SFEs. Edwards suggested leaving the transfer of SFEs as currently adopted with common ownership, and then adding the two-year sunset as a way to phase out the transfer of SFEs. President Cronin reported that the original goal was to clean up the loose ends (i.e. Olson's property, McBride's property, property without SFEs but in the District) and suggested leaving the ordinance as is on the transfer/reallocation of SFEs and to create a new paragraph whereby a property owner could petition the District for an additional

allocation (these would be the small number of SFEs) to build what zoning allows where applicable. President Cronin sees more problems than solutions with the proposed draft that would allow the "selling" of SFEs across property ownerships and the board's effort to clean up the minor details (Tract 5) is magnifying problems with larger developments. Jerry Scott asked about a legal opinion given by the District's attorney and suggested having other legal counsel input (someone with knowledge of what SFEs were allocated when property was purchased, i.e. the Olson parcel). Scott suggested having a system where the District can approve permit applications on a case-by-case basis if it meets District criteria. Edwards explained how the SFE capacity was originally calculated by the engineers for planning the treatment system and ponds. Edwards reported that in the 1990s Lone Mountain Ranch was determined as built out by the engineers. Under the current ordinance, if LMR even though it is zoned as Resort came to the District for any further development, their request could not be approved. Scott stated that if the District allowed LMR to do what zoning allows, the door would open for dense development and then explained how he feels LMR would be marketed. Scott proclaimed that it scares him to think that the District would approve those densities. Director Reeves expressed the same concerns. President Cronin stated that the District could periodically review Exhibit A (Table 3.01) and make adjustments to it. Edwards explained that the current SFEs tie to the District's engineering facilities planning, and that sewer connection permits are approved on a first come-first serve basis. Edwards suggested that the board could update Exhibit A and address holes in it using the most recent draft of the density matrix as a guideline to compare allocations to zoning and master plans. Director Shropshire stated that the board needs to hear what Swimley has to say prior to making any decisions, but what he is hearing right now he doesn't think the board should change a thing and that no one wants to see unbridled building. Director Shropshire stated that he is not in favor of creating a market for SFEs and does not want to encourage the selling of SFEs. President Cronin wants the District to accomplish its original intent, which is to service properties in the District. Vice President Loble noted that the goal of the District has been to correct inadequacies with Exhibit A Table 3.01 and that the problems should be rectified before building regains momentum. Vice President Loble sees the buying and selling of SFEs as creating winners and losers and that it doesn't benefit the District property owners overall. Director Wheeler asked if the District has to continue to create roadblocks by not allowing SFEs to be sold and transferred. *President Cronin, Vice President Loble, and Secretary Fast want Swimley to attend the next board meeting prepared to thoroughly present the issues. Edwards will get Swimley to the next meeting to carry on the discussion.* Edwards informed the board that they could adopt the ordinance with the minor changes and then continue to work on the SFE issue.

### **SEWER OPERATIONS**

Burroughs' flow report was provided in the board packet.

### **WATER OPERATIONS**

Muscat's production report was distributed to the board.

### **FARMHOUSE PARTNERS**

Edwards reported on his conversation with Dab Dabney of Farmhouse Partners where Dabney asked if the District would give them additional time to pay their promissory note if they are able to refinance the project. Dabney is working with their investor, PNC, on refinancing. Edwards read an email received yesterday from Dabney where he asked the District to provide the total

amount owed (promissory note and water and sewer fees) to bring the account current. Smith reported that Farmhouse owes the District approximately \$146,000. President Cronin felt that the District should not allow an additional extension for payment beyond what would be reasonable to get the payment request processed and the check written. Smith reported that some other entity had paid the Farmhouse taxes last year. As a courtesy, *Vice President Loble suggested that Smith report the tax payment to Dabney.*

#### **SPANISH PEAKS PARTNERS**

Edwards distributed bankruptcy court documents on the notice of sale and bidding procedures regarding Spanish Peaks that specify a hearing date of June 3, 2013.

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

There was no permit activity for the board to review.

#### **RESORT TAX APPLICATION**

Edwards suggested three possibilities for resort tax applications: 1) Requesting \$100,000 for bond debt instead of the \$300,000 requested and denied last year. This would provide a small tax relief to property owners. 2) Submitting an application for cost sharing of asset depreciation as the resort tax district board has discussed funding depreciation through the creation of some sort of sinking fund. This would offer a relief to rate payers, not just property owners. 3) Through collaboration with BSCC, submit an application with a 50% cost share to purchase the 16-acre parcel below the treatment plant. This would provide a buffer zone around the treatment plant/ponds and provide possible expansion of walking paths and parking for the community park.

Vice-President Loble stated that he liked the third proposal of buying land together with the BSCC as the resort tax district is sensitive to the idea of collaboration and looks favorable toward joint efforts. The board liked the idea of creating a buffer zone around the treatment plant and having the entry corridor property going to a public entity.

The resort tax schedule is April 3 for the deadline for submittal of applications, May 8 for their question and answer meeting, and June 12 for their appropriations meeting.

#### **GENERAL CORRESPONDENCE**

Edwards distributed snowpack reports for board information only.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, April 16, 2013, at 8:30 am. *Edwards will confirm with Swimley on her availability to attend the meeting.*

#### **ADJOURNMENT**

*Vice President Loble moved to adjourn the meeting at 10:09 am. Director Wheeler seconded the motion. Motion unanimously passed.*



Dick Fast, Secretary



**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – April 16, 2013**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, April 16, 2013, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice President Les Loble, Secretary Dick Fast, and Directors Tom Reeves, and Brian Wheeler. Participating via conference call were Directors William Shropshire from 8:00-9:00 am and Jeff Daniels from 8:18 to 10:00 am. WSD staff present were Ron Edwards, Marlene Kennedy, and Terry Smith. Also present were Tract 5 representative Jerry Scott and Big Sky Owners Association representative Susan Smith.

**PUBLIC FORUM**

With no public comment, President Cronin called the meeting to order at 8:00 am.

**ORDINANCE 97-1001**

As a follow up from the last board meeting, Edwards reported that he requested a formal legal opinion from Susan Swimley on the proposed ordinance amendments. Swimley's opinion was forwarded to the board on Monday. Swimley attended the meeting to review her written opinion. According to Swimley, the District is obligated to serve property within the District that did not have SFEs assigned...every property has to receive benefit from being in the District. The question is, where does the District then come up with the SFEs. If property within the District will never receive service/benefit of water and/or sewer service, then the property should be excluded from the District. Swimley discussed the original planning tool where the District converted average gallons of use to SFEs and then used the projections to create the SFE Table 3.01. Overtime, the amount of gallons originally calculated for use and the treatment process has changed with improvements and this change could account for additional SFEs available. Swimley stated that the District's legal obligations through agreements with Westland, Boyne, and Yellowstone Club have to be honored for these properties. The District is not bound per what DEQ, or zoning, says in serving property...the District has to demonstrate there is adequate capacity to serve property in this manner. The District does not have any specific obligations to meet zoning density. Additionally, the District does not have to "reserve" capacity for legal obligations, but has an obligation to provide a plan to serve the properties. When asked if the board can bind the District to specific SFEs, Swimley felt that the District could but that she wouldn't advise that. Swimley would like the District to give everybody in the District certainty in treating them the same...i.e. SFEs for McBride, Olson, and Kircher property should be processed just like they are on other property. (*Director Daniels joined the meeting at 8:18 am*) Jerry Scott asked if it was right for the District to have an obligation to serve a specific property where that property was bought as open space and the buyer knew it when the price reflected the open space designation. Swimley stated that it doesn't matter what people paid for property, the District needs to serve property in the District unless it is impossible to lay lines to serve the property and, in that case, that property needs to be excluded from the District. For properties that have not been paying into the bonds, or vacant lot charges, Swimley suggest that the District look at some type of formula that would equalize what others in the District have been paying all along. Edwards reported that, in the past, land has been removed from the District where there was no intention of serving it. Vice President Loble asked if buying, or selling, SFEs is a sticking point and asked if it is illegal to allow it per Mona Jamison's legal opinion. Swimley confirmed that it is against the law to buy and sell SFEs. Edwards asked if the District can sunset the provision of transferring SFEs. Director Fast asked why sunset the provision, why not stop it today. President Cronin felt that

the provision was created for the Boyne agreement. Swimley stated that Boyne could continue transferring SFEs within their corporate property. Swimley felt that the least liability is for the District to allow the transferring of SFEs for the three entities with legal obligations within their own property. As for Tract 5 SFEs, Swimley would encourage the District to set a time period (sunset period) to use them as the District has had the policy and practice that allowed the transferring of SFEs. Director Reeves doesn't feel that there is a reason to sunset the transfer of SFEs. Vice President Loble stated that Scott and Malinowski had asked for compensation through eliminating the surcharge in their hookup fees. Swimley's opinion was that it would be unlawful to eliminate the surcharge on their SFEs. Director Reeves asked what the purpose is of the SFE cap if the District has the policy to accommodate people in the District. Edwards reported that the District has never tried to limit the single family home SFE, but the District has used the SFE commitment Table 3.01 with multi-family development. Director Reeves asked what the District would do if the parcel was not assigned enough SFEs. Edwards reported that the McBride property is an instance where there was no capacity assigned and the District would then use zoning density for assigning SFE capacity. Swimley stated that the District does have to plan for serving property in the District. Using other communities as an example, Vice President Loble stated that property developers would have to pay for expansion if the District did not have capacity for their development as they propose. President Cronin suggested making amendments to the Table 3.01 based on zoning and other factors. Director Wheeler feels that there are more SFEs out there than what zoning development allows for. *Director Fast would like the District to work on a new long-range plan that considers zoning and update it every ten years.* Director Wheeler suggested that the District update the table...it should be reasonable and tied to some basis (zoning, master plans, etc.). Director Fast asked what Pandora's Box the District is opening up by allowing the transferring of SFEs. Edwards felt that if the District allowed the transferring of the 900 SFEs from the capacity at Lone Moose that would be a case of opening Pandora's Box. The Yellowstone Club agreement was specific to SFEs for Lone Moose and Spanish Peaks. Director Wheeler asked about the tracking mechanism for SFEs in Spanish Peaks where the single family lots are being built with double what other areas with single family homes are using and also asked if the District would let the 1,000 SFEs be 2,000 SFEs so as to let owners build what they want. Director Fast asked if the agreement limits Spanish Peaks to 1,000 SFEs. Both President Cronin and Edwards feels that the YC agreement does limit total SFEs to Spanish Peaks. Edwards reported that he has had inquiries from perspective Spanish Peaks buyers on how to expand their capacity. Edwards stated that water capacity is also a problem for Spanish Peaks. According to Swimley, the District does not have to allow the transfer of SFEs from Lone Moose to Spanish Peaks. President Cronin feels that Spanish Peaks was obligated 1,000 SFEs with their eyes wide open, where the McBride property was left behind because McBride probably didn't come to the meeting and ask to be included on the Table as his property was a COS. In terms of build out, Edwards reported that it has been first come, first served for approving permits. President Cronin stated that the District should amend Table 3.01 and bring it up to a realistic picture of what is happening. Vice President Loble stated that the District shouldn't be speculating what will happen with Spanish Peaks and Lone Moore and *would like the District to prepare a planning document.* Director Shropshire stated that he has not heard any comments today regarding major issues with the ordinance amendments as written and presented by Edwards.

***Director Shropshire moved to approve the ordinance as amended by Edwards. The motion died for a lack of a second.*** The board felt that they needed more time to review the information presented today.



Director Wheeler feels that the table needs to be updated after 17 years. Edwards noted that the packet included changes based on previous board discussion. (*Director Shropshire left the meeting at 9:00 am*) Edwards noted that he changed the name of Table 3.01, added parcels that are in the District without SFEs, and put order to grey areas dealing with commercial and multi-family parcels. Vice President Loble did not like the term "legal obligations" and felt that the District could tie itself up by using the term. Swimley read that the definition was a privilege to connect, but the District could change the term and suggested "planning tool," or "planning guideline." President Cronin suggested "capacity estimate." Director Fast asked if Spanish Peaks came close to using 1,000 would the District loose a lawsuit if they didn't provide additional service. Swimley responded that she didn't know as she isn't very familiar with their agreement. Edwards noted that YC is doing more to expand their capacity, but doesn't feel they will get to what the original engineer's estimates of using treated wastewater. Vice President Loble doesn't feel it is the board's job to solve problems at Spanish Peaks and Lone Moose. The board can talk about problems if, or when, they arise. The board should not base its plans upon hypothetical lawsuits that may, or may not, arise, or upon the speculative results of hypothetical lawsuits. Edwards stated that the draft was written allowing the transfer of SFEs until December 31, 2014 and then the unused SFEs would revert back to the District. This would exclude the properties under legal agreements...Boyne, Yellowstone Club—Spanish Peaks and Lone Moose, and Westland. Vice President Loble feels that the upswing in the real estate market does create some urgency in getting the document updated. Vice President Loble would like the table included in the ordinance as then there would be one inclusive document that people will know about. Edwards stated that if the District is going to accommodate property not on the table then the property needs to be inserted on the table without a designated fixed number of SFEs. President Cronin would like the District staff to get the draft amendments to a point that the board is clear enough on what it is contemplating for approving at the next board meeting. Director Wheeler asked that the District distribute the draft amendments to real estate agencies as their agents seem misinformed as to what the amendments will accomplish and/or allow. Director Wheeler suggested that he board consider adopting the ordinance at the May meeting as many people in the community are currently out of town then. Swimley suggested a two-year window for sunseting the transfer of SFEs as it is not too short of time period and would be less subjective to legal challenge.

***Director Loble moved to allow the general manager and legal counsel to produce a second draft of the ordinance which removes the term "legal obligation," includes the exhibits as Edwards thinks are necessary, and changes the sunset date for transferring SFEs to 2015. Once the draft is completed, it will be available to the real estate community and general public and it will be presented at the next meeting for adoption. Director Wheeler seconded the motion. President Cronin called for discussion. Vice President Loble wants the community to know that the board is not just continuing to discuss the ordinance amendments, but that it will be adopting the proposed amendments. Vice President Loble directed Edwards to have the ordinance amendments completed by this Friday, April 19, 2013. Edwards will also condense the changes to a 2-page summary for distribution. Motion passed, 6 yea votes to 0 no votes with President Cronin voting. The board's goal is to adopt the ordinance amendments at the May 21 meeting. Susan Swimley will attend the meeting.***

## MEETING MINUTES

***Director Loble moved to approve the minutes of March 12, 2013, as written. Director Fast seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.***

## FINANCIALS

Smith reported that the District is on target with budget vs. actual. Other than receiving a payment from Farmhouse Partners, revenues are as expected with no surprises.

***Director Fast moved to approve the March financials as presented. Director Reeves seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.***

Farmhouse Partners: On April 12, 2013, the District received a payment of \$23,679.07 from Dab Dabney of Farmhouse Partners for the 2012 water and sewer fees and the late fees and interest on the subordinate note. Edwards reported that the balloon payment has not been made. Edwards reported that Dabney is trying to refinance the project through American Bank. Director Wheeler recommended that the District track the auction date that was originally set.

Mill Rate Estimates: Smith asked the board to approve the estimated mill rates that need to be submitted to the counties.

***Vice President Loble moved to authorize the president and secretary to sign the summary to be sent to the counties on the estimated mill levy rates as presented. Director Wheeler seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.***

SRF Loan Refinancing: Edwards reported that the resolution was prepared by Dorsey & Whitney and he saw nothing as a red flag for the District. Edwards noted that there are some tax reporting changes with the IRS and he and Smith will review that information for changes in the District's reporting procedures. Resolution 13-01 authorizes the issuance of the District's First Amended and Restated \$13.5 million Wastewater General Obligation Bond that will lower the current interest rate on the bond. Edwards stated that the District's bond for the water project will be presented to the board for approval in May.

***Vice President Loble moved to approve Resolution 13-01: Issuance of First Amended and Restated General Obligation Revenue Bond as drafted. Director Wheeler seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.***

FY 2013-2014 Preliminary Budget: Smith reported that the preliminary budget provided in the board packet is for review and comment. Smith and Edwards intend to propose a rate increase of 1% over the next three years. The proposed increase will be about a \$24 annual increase for household use and about a \$10 increase in irrigation. Total revenue will be about \$9,000 in water and \$12,000 in sewer with about a \$60,000 to \$70,000 increase in revenue over three years. No rate change is proposed for vacant lots. Edwards explained the reasons behind the vacant lot charge and the board agreed to continue having the vacant lot charge. Smith will continue to work with staff on the preliminary budget and noted that he is anticipating an increase of over 9% for health insurance. Edwards reminded the board that it has to adopt the new fiscal year budget by July 1. If a rate increase is proposed, the District is required to mail

notices to its customers and conduct a public hearing. Edwards reported that the District has not had a rate increase since 2008 mainly because of the sluggish economy. Smith reported that the District lost \$14,000 in revenue on base charges with The Lodge restructuring condominiums. Smith will prepare a draft budget to present to the board at their next meeting.

#### **SEWER OPERATIONS**

Burroughs's wastewater flow reports were provided in the board packet. Edwards reported that the District's pond elevation is about three weeks ahead of last year. Edwards hopes that irrigation can begin in about three weeks. Edwards reported that the District is doing mainline work for Tract 9 Remainder (next to Broadwater), for a future condominium development connection for 28 units with 38 SFEs.

#### **WATER OPERATIONS**

Muscat's production report was provided in the board packet. Director Fast asked about the big fluctuation in production in the meadow village. *Edwards will check with Muscat for an explanation*, but explained that it could be from a major leak at Park Condominiums that was repaired last year.

#### **RESORT TAX APPLICATION**

Edwards submitted a resort tax application for \$375,000 with a 50% cost share with Big Sky Community Corporation to purchase the 16-acre parcel below the treatment plant with the application and narrative included in the board packet. Director Wheeler reported that the parcel is already in the process of being sold and suggested that the District could approach the buyer to pick up the remainder as only about 4 acres of the parcel is developable. When Edwards makes his presentation to the Resort Tax Board, *Director Loble asked that Edwards emphasize the parcel's benefit to the community in addition to noting the other projects that the District has done to benefit the entire community.*

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

Edwards reported that two permit applications were submitted and there has been additional inquiry.

#### **GENERAL CORRESPONDENCE**

There was no correspondence that required board action. Edwards reported that he wrote a letter to Pat Woolridge at Beaverhead Condominiums to assist him in calculating the water use charges billed for two meters that were switched when the units were built.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, May 21, 2013, at 8:30 am.

#### **ADJOURNMENT**

*Vice President Loble moved to adjourn the meeting at 10:00 am. Director Reeves seconded the motion. Motion unanimously passed.*

  
Dick Fast, Secretary

**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – May 21, 2013**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, May 21, 2013, in the WSD Community Room. President Packy Cronin called the meeting to order with the following Board members present: Vice President Les Loble, Secretary Dick Fast, and Directors Brian Wheeler and Tom Reeves (arrived at 8:37 am). Director William Shropshire participated via conference call until 9:00 am. Director Jeff Daniels was not present. WSD staff present were Ron Edwards, Marlene Kennedy, and Terry Smith. Others present were legal counsel Susan Swimley (left at 9:18 am), Bayliss Architects representative Sloan Bauer and district property owner and former board member Bill Olson.

**PUBLIC FORUM**

With no public comment, President Cronin called the meeting to order at 8:33 am.

**MEETING MINUTES**

*Vice-President Loble moved to approve the minutes of April 16, 2013, as amended. Director Wheeler seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.*

**FINANCIALS**

Smith reported that the District was on target with operating revenues and expenses. There was nothing unusual to report as all line items were favorable. With upcoming repairs and maintenance, Smith noted that the \$94,000 in black will diminish in the next four months.

*Director Reeves moved to approve the April financials as presented. Vice-President Loble seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Cronin voting. Director Shropshire was not available to vote on this motion.*

*Vice-President Loble moved to approve the following signers to the bank's Corporate Authorization Resolution dated 3/12/2013, Paul Cronin, Les Loble, Dick Fast, Jeff Daniels, Tom Reeves, Bill Shropshire, Brian Wheeler, Ron Edwards and Terry Smith on the First Security Bank Account. Director Reeves seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.*

**ORDINANCE 97-1001: WASTEWATER USE ORDINANCE (Third Reading Draft)**

Edwards reported that additional edits were made to the last draft of Ordinance 97-1001. The term "legal obligation" is now "capacity obligation" and it is defined in Article 1, along with the change reflected in Article 3, Section 3.1. Edwards also incorporated comments from Mindy Nowakowski. Edwards suggested that the definition of substantial completion could either be left in as written, or deleted. Swimley recommended deleting substantial completion. Director Fast asked how Edwards handled Spanish Peaks. Edwards is certain that whoever purchases Spanish Peaks will come before the District asking for service to Spanish Peaks properties that are not currently in the District. Under the amendments, Director Wheeler asked what would happen with the Country Market's request for change of use. Edwards summarized the Country Market's request and explained that the intent of amending the Ordinance is to make permitting more flexible with that type of change of use from commercial to residential. Edwards sees the

table being changed from the District using it as a gospel to only a guide. According to Edwards, the Country Market is asking for a small increase (under 5 SFEs) and, if the amendments pass, the Country Market's request would be approved. Director Wheeler questioned the accuracy of Exhibit B that identifies usage and how SFEs are calculated. *Edwards explained that Exhibit B is the old form and he will replace it with the square footage tiers currently used for calculating SFEs.* Edwards noted that Article 4, Reallocation of SFEs, is written to sunset on Dec 31, 2015. *Vice President Loble asked Edwards to calendar that the ordinance be revised on January 1, 2016, to reflect the change in reallocation.* Edwards stated, for now, the status quo with reallocation will be followed. Edwards read a message from Al Malinowski and Jerry Scott that basically agreed with the sunset provision. Under Section 4.4, B. 1., Secretary Fast asked what difference it makes regarding "from" and "to". After much discussion on the pros and cons of the reallocation process and sunset period, President Cronin stated that if the District gets a request to transfer SFEs in the next couple of years the board will deal with it. Regarding LLCs transferring SFEs, Edwards stated that the entities (ownership) must be the same. Edwards reviewed Exhibit A, Capacity Obligations of Service, and distributed a table of where SFE adjustments/reductions to Exhibit A were made. President Cronin questioned the number of SFEs on the McBride parcel. Director Wheeler stated that he felt that the adjustment table is a tool, but with further land analysis the SFEs should be adjusted. *Edwards is to add a disclaimer that includes applicable zoning regulations apply.* Director Reeves asked if the District should go on the low side of allocating SFEs and if the property owner wants more SFEs they could approach the District with reasons. Director Wheeler suggested that some numbers on the new capacity table need to be updated to reflect current usage. Edwards noted that Exhibit A-1 is for the theoretical zoning guidelines for evaluating permits in regards to density. *Edwards is to eliminate the definition of substantial completion, adjust footnotes regarding square footages, and correct typos.*

***Director Fast moved to approve the third reading of Amended Ordinance 97-1001as revised. Director Shropshire seconded the motion. President Cronin called for discussion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting. (Director Shropshire ended his conference call participation at 9:00 am.)***

#### **RESOLUTION 13-02—Approve Tax Compliance Procedures for Tax Exempt Bonds**

Smith explained that the IRS has come up with new rules relating to tax exempt bonds and the bond counsel recommended that the District adopt the resolution. Edwards stated that the bond counsel feels that it reduces the risk of an audit.

***Vice President Loble moved to approve Resolution 13-02: Tax Compliance Procedures Relating to Tax-Exempt Bonds. Director Reeves seconded the motion. Motion passed, 5 yea votes to 0 no votes with President Cronin Voting***

Smith reported that there will be a delay until July for closing on the refinancing of the three water project loans. Smith will make the final draw on the 5 million dollar loan.

### **FY-2013-2014 DRAFT BUDGET**

Smith presented the draft budget for FY 2013-2014 and distributed a rate proposal spreadsheet. The draft budget proposed increases of 3.0% in total operating revenue and 2.1% in total operating expenses. The revenue increase translates into a 1% rate increase for each of the next three fiscal years and will generate approximately \$60,000 in additional revenue. Edwards explained how adding a forth tier to the water use rate structure will target water use over 90,000 gallons a quarter. Edwards's numbers/analysis came from single family homes. President Cronin wants to make sure that multi-family/large parcel lots are not being penalized. Director Reeves would like the board to entertain the fourth tier. Director Wheeler commented that until it hits the owner in the pocket book, conservation isn't practiced. President Cronin recommended that the fourth tier rate be in line with the other three tiers. Director Reeves suggested incentives instead of penalties...possibly not increasing 1% for those owners that use low water. Vice-President Loble stated that he is in favor of increasing the rate for high volume usage during peak demand so that the District does not have to build more water production and find more water rights. President Cronin feels that the District has done well to not increase the rates in the last few years.

*Director Reeves moved to raise rates 1% a year for the next three years and add a fourth (4<sup>th</sup>) tier for over 120,000 gallons of water use at the same increase of \$1.25 per 1,000 gallons. Director Wheeler seconded the motion. President Cronin called for discussion. Director Fast asked if the Bozeman rates are comparative in a tiered system. Edwards reported that Bozeman charges by meter size and then charges per 100 cubic feet of water and incrementally goes up with three tiers of usage for single family. Multi-family and government categories have their own rates. President Cronin feels that the board should leave the first three tiers as is and add the fourth tier at a \$1.25 increase and revisit it if needed. President Cronin stated that it is the job of the District to provide water to properties in the District and we need to provide a resource for people to use water, including water for lawns if wanted. Motion passed, 5 yea votes to 0 no votes with President Cronin voting.*

With the rate increase in the proposed budget, Edwards reported that the District will need to advertise a public hearing. The budget will need to be adopted by July 1 and Edwards recommended adopting the budget at the June meeting. Smith asked board members to review the budget and email him if they have any comments, or questions. Director Reeves asked about the capital reserves. Smith commented on the depreciation numbers in the budget and, theoretically, the District is putting away funds for asset replacement and that is covered in the rates. At some point, the District will have to bond as inflation adjustment is not factored in. Edwards reiterated that, with the rate increase, the additional capital will be about \$60,000.

### **SEWER OPERATIONS**

Edwards reported on Burroughs flow reports provided in the board packet.

Spotted Elk & Glacier Condos Sewer Rehabs: Edwards reported that the sewer line work for Spotted Elk and Glacier Condos is planned for August construction with bids to go out in June.

### **WATER OPERATIONS**

Muscat was not available to review his production report.



Meadow Wells 4 & 5: Edwards reported that the electrician finished wiring the electrical controls. With the Meadow Booster Station generator being larger, the District will switch it with the smaller Spotted Elk generator.

#### **DEVELOPMENTS AND SUBDIVISIONS**

Tract 9 Broadwater Condos Remainder: Edwards reported that the District finished its prep work for a condominium development by putting in a new valve and replacing an old 6-inch water main. Edwards has been told that construction on a 28-unit condo project may start in July.

#### **RESORT TAX APPLICATION**

Edwards reported that he attended the Resort Tax Q & A meeting where 3.4 million dollars are being requested. The District submitted a resort tax application for \$375,000 for the purchase of the land below the District's storage ponds. Edwards stated that he would like the District to be first in line to purchase the property and feels that the resort tax funding would improve the District's chances. Vice President Loble reported that the resort tax is about \$700,000 short in covering this year's requests and he also detects that the resort tax board wants a reserve. President Cronin stated the District should be cautious about being aesthetic zoners.

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

Edwards reported that two new permits were issued with approximately 75 SFEs remaining for future permitting. Edwards reviewed the table showing the history of releasing SFEs. If the SFEs drop to zero, then the board would need to release additional SFEs. Prior to asking the board to approve releasing additional SFEs, Edwards would have engineers review capacity.

#### **GENERAL CORRESPONDENCE**

There was no correspondence requiring board action.


*The board recommended that Edwards invite Kitty Clemens, Big Sky Chamber of Commerce, for a walk through of what the District does and to review our current capacity with her.*

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, June 18, 2013, at 8:30 am.

#### **ADJOURNMENT**

*Secretary Fast moved to adjourn the meeting at 10:12 am. Director Wheeler seconded the motion. Motion unanimously passed.*

  
Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363  
**Public Hearing and Regular Meeting Minutes – June 18, 2013**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a public hearing and a regular meeting on Tuesday, June 18, 2013, in the WSD Community Room. With the absence of President Packy Cronin, Vice-President Loble chaired both the public hearing and regular meeting with the following Board members present: Secretary Dick Fast and Directors Tom Reeves, Brian Wheeler and William Shropshire (participated via conference call). President Packy Cronin and Director Jeff Daniels were not present. WSD staff present were Ron Edwards, Marlene Kennedy, and Terry Smith. Others present were community members Kirk Dige and Lynne Milligan. Tract A-1 prospective buyer, John Haas, was in attendance during the discussion on the easement for Tract A-1.

**PUBLIC HEARING – FY 2013-2014 Budget & Water & Sewer Rates**

Vice President Loble called the public hearing to order at 8:33 am. Director Wheeler noted that Milligan was attending the meeting at his encouragement as she had asked him about the buying and selling of SFEs. Dige reported that he was attending the meeting for information purposes only.

**FY 2013-2014 Budget:** Smith presented the proposed budget with a total operating revenue increase of about 3%. Smith reported that total operating expenses are up 5.42% over last year mainly because of salaries and the employer contribution for health insurance. Secretary Fast asked about salary increases and how they were calculated. Edwards reported that salary increases have been 1% for the last three years and there was no increase one year. Edwards said he felt it was reasonable to propose a 3% raise. Secretary Fast advised that salaries should have been presented earlier for board discussion. Vice-President Loble agreed and *directed Smith to have the board review and discuss salaries earlier next year*. Smith noted that 1% of the salary raise will go to the employee's required contribution increase to their retirement. Director Reeves suggested that the District do a salary survey to make sure that the pay rates are appropriate. Edwards reported that a salary review has been done in the past and that the District could do it again. Secretary Fast recommended that the board and staff discuss more sensitive budget items, like raises, earlier on in the process of budgeting. Vice President Loble asked Smith if the District could pass the budget without the 3% increase in rates. Smith reported that the District could pass the budget without the increase but that the budget would be tight.

***Director Reeves moved to approve the FY 2013-2014 Budget as presented. Secretary Fast seconded the motion. Vice-President Loble called for discussion. With no discussion the motion passed, 5 yea votes to 0 no votes with Vice President Loble voting.***

**Rate Increase:** Smith reviewed the proposed rate increase noting that the average customer should expect water and sewer charges to increase about \$8 a year for the next three years. After three years, the cumulative increase will total about \$24 per year. The average customer will also see about a \$2.25 increase per quarter for irrigation. The rate increase will generate about \$60,000 additional revenue after three years. Smith feels the rate increase presented is reasonable. Vice-President Loble stated that incremental increases are the best way for budgeting instead of waiting and then having one big increase. Dige and Milligan stated that did not have any objections to the increase. Director Wheeler feels that the District needs to keep its rate structure simple, unlike the cubic feet charge that Bozeman applies.



***Director Shropshire moved to accept the rate increase as presented. Director Wheeler seconded the motion. Motion passed, 5 yeas votes to 0 no votes with Vice-President Loble voting.***

With no further public comment, Vice President Loble closed the public hearing at 8:46 am.

#### **REGULAR BOARD MEETING -- PUBLIC FORUM**

Vice-President Loble called for public comment at 8:46 am. Lynn Milligan noted that she was confused about the selling, or transferring, of SFEs and the value of SFEs. As a real estate agent, Milligan feels like she needs to be informed and asked the board to speak to the topic of transferring SFEs. Director Wheeler explained that the property that Milligan may be referencing ties into the similar concept of the Country Market where they do not have enough SFEs for their proposed change of use, or development, and asked how the District will handle a request for more SFEs than the property has been allocated.

Edwards explained the history of transferring SFEs and also explained the recent amendment to the ordinance regarding SFE transfers. The District did not approve the buying and selling of SFEs across ownership interests and the District is also sunsetting the transferring of SFEs on December 31, 2015. For now, if a single party/entity owns two properties, they could transfer SFEs between the properties. Edwards further explained that the District now has the ability to look at zoning guidelines and if a request for SFEs is consistent with development the District could now approve additional SFEs if appropriate. Edwards clarified that property ownership has to be a minimum of one year before the board would consider approving the transfer of SFEs. Dige asked what happens if a parcel has more SFEs than development zoning allows. Edwards explained that the District is not regulated by zoning and can approve what it thinks is appropriate. Director Wheeler noted that the property that Milligan is working on is in Madison County and Madison County does not have zoning. Vice President Loble noted that district attorney, Susan Swimley, has told the District it is obligated to serve property in the District and that SFEs need to be indicated for properties that previously did not have SFEs allocated. If the District does not intend to serve the property, legal counsel also said that the property should be removed from the District. Edwards offered to Milligan and Dige to talk to the real estate community at one of their real estate meetings.

With no further public comment, Vice-President Loble closed the public comment period and called the meeting to order.

#### **MEETING MINUTES**

***Director Shropshire moved to approve the minutes of May 21, 2013, as amended. Director Reeves seconded the motion. Motion passed, 5 yeas votes to 0 no votes with Vice-President Loble voting.***

#### **FINANCIALS**

Smith reported that through the month of May operating revenues were about 102%, and booked operating expenses were on target. Smith stated that his best guess is that both water and sewer will be in the black at the end of the fiscal year: marginally on sewer and about \$30,000 on water.

***Secretary Fast moved to approve the May financials as presented. Director Reeves seconded the motion. Motion passed, 5 yeas votes to 0 no votes with Vice-President Loble voting.***

Smith reported that he has not heard back from DNRC on refinancing the water loans.

### **SEWER OPERATIONS**

Edwards reviewed Burroughs sewer flows noting that the numbers look consistent with flows from last year. According to Edwards, this year's flows are typical and the treated wastewater is being used for irrigation. In 2011, Edwards noted that we had a big run off year and the numbers were high due to infiltration from groundwater and run off coming into the sewer line through joints, pick holes, and manhole lids. Edwards stated that high flows do create problems as the District has to store the water. Edwards reported that the Blue Water Task Force is seeing elevated nitrate levels in its monitoring of the Middle Fork. Edwards noted that the District is not over the design limits for the meadow golf course irrigation. The task force has talked to golf course personnel on their fertilization program and they may possibly eliminate their fall fertilizer application. The elevated nitrate levels are of concern, but everyone is cooperating to reduce these levels. Edwards reported that there is a water drain pipe near the chapel that no one knows where it is connected to, or where the water comes from. Edwards noted that Yellowstone Club has a leak in their wastewater storage pond and that DEQ is also aware of the leak. YC needs to draw down their pond for repair and they are using the water to irrigate. For now, YC does not want the District to pump water to their pond. Edwards doesn't feel this should be a problem as long as we continue to irrigate the golf course, park, and chapel areas. Secretary Fast noted that the District could send water to YC if necessary. According to Edwards, YC is only using 25 million gallons of treated wastewater and, under the agreement with YC; they were originally estimated to use 50 million gallons. Based on these wastewater use numbers, Edwards feels that the District could argue that the allocated SFE numbers to Spanish Peaks and Lone Moose could be reduced in half.

### **WATER OPERATIONS**

Edwards noted that Muscat's report showed that, in comparison to last year, the meadow production is down about a million gallons and the mountain village is up about a million gallons. Edwards doesn't believe that any numbers are unusual. Edwards reported that leak detection found a significant leak in Spanish Peaks of about 30 gallons per minute. All the repair charges will come out of Spanish Peaks' funds. The Yellowstone Club's water use is also tracked and Edwards feels that their increased water use in the summer is strictly from home irrigation.

In response to Director Wheeler's inquiry about private wells in the District, Edwards noted that the District did not allow Mr. Stump to drill a well in Sweetgrass Hills.

Smith noted that YC will be subject to the tiered water rate structure, but the charges are calculated with total use divided by the number of connections. Edwards explained that the individual homes in YC have meter pits and the YC bills their owners individually. Director Reeves stated that he hates to see people wasting water and likes our fourth tier rate structure.

### **FARMHOUSE PARTNERS**

Edwards reported that he received an email from Dab Dabney that said Dabney was able to stave off foreclosure for now. Smith reported that Farmhouse Partners still owes \$97,800 to the District.

### **SPANISH PEAKS RESORT**

Edwards reported that he emailed the board about the sale of Spanish Peaks. Director Wheeler explained that the property went directly to bid on June 3 and recapped the bid process with three entities bidding. The bid for 26.1 million from Cross Harbor Partners (CHP), which includes Boyne's involvement, was accepted by the bankruptcy court. Director Wheeler also explained that the ownership of the Pinnacle and the land will go with the bankruptcy sale and it will be owned by CHP. According to Wheeler, Dolan testified that he has a \$1,000 a year 75-year lease on the building and doesn't believe that it should go with the bankruptcy sale. Director Wheeler explained that by Dolan not operating the Pinnacle for 18 months he has defaulted on his agreement. Both Director Wheeler and John Haas felt that the Pinnacle will not hamper the closing that has to be done by the August 31, 2013, deadline. Edwards noted that the District has a contract with Spanish Peaks to operate its water system and he has intentionally kept the agreement intact through the bankruptcy, but does not know what the new ownership will want to do and that there will be no agreement once the sale goes through. CHP has its own operators from YC and they could take over the Spanish Peaks system. Edwards stated that he doesn't know the best course for the District...whether to eliminate the agreement, or sign a new agreement with the new owner. All repairs for now will be paid with Spanish Peaks' money the District has. Haas reported that the water operation question came up about a year ago and he knows that Sam Byrne does not like running a water system. *The board suggested Edwards contact the Spanish Peaks HOA to discuss continuing the operation of the water system until the sale goes through.* Edwards feels that if the new owners want the District to take over the water system, there needs to be money (\$1,000,000) in reserves from the new owners for replacement. Edwards stated that if the District took over the SP water system, specific rates for SP properties could be set up to help build the reserves.

### **RESORT TAX APPLICATIONS -- FY2013-2014**

Edwards reported that the resort tax summary was in the board packet. The District's request for \$350,000 for purchasing the parcel next to the treatment ponds was not discussed. Since there will be no resort tax funding, the District will not pursue the purchase of the property with the Big Sky Community Corporation.

### **SEWER & WATER PERMITS**

Edwards reported that we have a lot more permit activity this year than what we have seen in the last three years. The PIC money collected goes into the reserve account.

### **TRACT A-1: REQUEST FOR EASEMENT RELEASE**

Edwards reported that we have an easement on Tract A-1, the same piece of land that the District wanted to purchase. Edwards reviewed the history of the easement, stating that it was intended as a second access point to the treatment plant and to the properties on both sides of the plant if there were ever development for multi-family housing on these properties. The need for the easement changed when BSOA/BSCC purchased the land next to the park and the

District acquired the land east of the plant. Realtor Erin Mandeville recently contacted Edwards and asked that the District consider releasing this easement. Edwards requested District legal counsel, Susan Swimley, to review the draft easement release from Mandeville. Edwards distributed an email from Swimley that states the easement is an asset of the District and that compensation must be paid since it is an asset of the District. Swimley cited Montana law supporting her opinion that the District cannot void the lease without compensation. Vice-President Loble feels that the District needs to address the issue of whether it wants to release the easement and he doesn't see why the District would give up property without a sound reason. Edwards reported that years ago the cost to build a bridge was \$600,000 and he doesn't know if the District would ever need that access with now having an access easement through the park. Vice-President Loble stated that predicting development needs is difficult and asked why the District would want to consider releasing our second line of access to the plant. Edwards suggested moving the easement next to the fence line of the pond. Director Wheeler noted that this property becomes difficult to develop when taking setbacks and easements into consideration. Haas and Milligan reported that Haas has not yet closed on this property that is currently owned by TM Partners and that Haas has a contingency until the end of next week to close. Edwards didn't know if MDOT had given access to the highway from the easement, but Haas reported that highway access has been given. Haas presented his development plan for the parcel as a self-contained RV park. Haas stated that he wants to be a good neighbor and work with the District for its future needs, too. Haas would like the District to provide water, but said that he could drill a well. With the sewer, Haas plans to have a self-contained system, but he would like to have the ability to dump the pumped wastewater at the District's plant. Edwards explained that the water to American Bank is provided by only a service line, not a main line, and upgrading the service line to a main line would be expensive and would be the responsibility of the property owner not the District. For the sewer, Edwards reported that the District has a dumping station with a swipe card. Haas proposed possibly transferring a portion of the land to the District that is behind the District's storage building. Edwards explained that the District's intent in its plan to purchase the property was to create a buffer zone around the pond. Edwards reported that the District has a history of permitting public type use (Search & Rescue, Northwestern Energy substation) of other lands belonging to the District. According to Edwards, the District still has interest in the property but, in light of no resort tax allocation, the District board has not talked about financing the purchase. Edwards noted that, per Swimley's opinion, the District cannot just give up the easement without compensation. Edwards reported that the originally proposed bridge alignment over the Middle Fork was done as a cost saving factor and that is why the easement is where it is. Milligan asked if a portion of the easement could be moved, leaving the highway encroachment and bridge alignment and curving the other easement area which would allow for development of the parcel. Haas stated that the easement is an issue and his goal is to find out if the District is interested in working with him. Vice-President Loble suggested that Haas prepare a proposal and the District form a committee to work with him. Vice-President Loble suggested that the board form a committee and consider the best possible proposal including considering the District's needs/goals for the property and factoring in working with the BSCC. Secretary Fast suggested a path and foot bridge to the park. Haas stated that he wants to do something nice with the property and he doesn't want the corridor with an exposed RV park. Director Wheeler feels that the District does have a vested interest in the

property and wants the District to be part of the solution instead of being an obstruction in the planning process for this property. Director Wheeler would like the board appointed committee to give Haas some direction to providing a buffer to the District's property. Milligan reported that the property is zoned commercial and industrial and Haas will need a conditional use for an RV park. Haas stated that he feels that Big Sky needs an RV park and reported that the transit system has already agreed to make a bus stop at the property. Milligan will work at getting an extension for the closing deadline. *Edwards will send a letter to Haas and Milligan regarding the District's easement and also gave Milligan a copy of Swimley's email.*

Board members volunteering for the *committee are Loble, Reeves, and Wheeler. They will work with Edwards and BSCC on developing plans for the property to present to Haas and the board.*

#### **GENERAL CORRESPONDENCE**

There was no general correspondence requiring board action.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, July 16, 2013, at 8:30 am.

#### **ADJOURNMENT**

*Director Shropshire moved to adjourn the meeting at 10:30 am. Director Fast seconded the motion. Motion unanimously passed.*



Dick Fast, Secretary

**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – July 16, 2013**  
**WSD Community Room**

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, July 16, 2013, in the WSD Community Room. With the absence of President Packy Cronin, Vice-President Loble called the meeting to order with the following board members present: Secretary Dick Fast and Directors Jeff Daniels, Tom Reeves, and William Shropshire. Director Brian Wheeler participated via conference call until 10:00 am. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, and Grant Burroughs. Others present were Tract A-1 buyer, John Haas, realtor Lynn Milligan, and Big Sky Community Corporation (BSCC) representative Jessie Wiese.

**PUBLIC FORUM**

With no public comment, Vice-President Loble called the meeting to order at 8:33 am.

**MEETING MINUTES**

*Director Daniels moved to approve the minutes of June 18, 2013, as amended. Director Reeves seconded the motion. Motion passed, 6 yeas to 0 no votes with Vice President Loble voting.*

**FINANCIALS**

Smith briefly reviewed the financials, noting that 99 percent of the financial preparation for the auditor is complete.

*Director Reeves moved to approve the June financials as presented. Director Shropshire seconded the motion. Motion passed, 6 yeas to 0 no votes with Vice President Loble voting.*

Smith reported that on July 15 certified letters were sent to 104 owners regarding past due accounts that are due by August 15 to avoid collection through the tax rolls. This notification is required by June 30. Smith noted that the District has approximately 2,600 billable accounts and that the number of accounts past due this year is less than last year.

**SEWER OPERATIONS**

Burroughs reported that flows are higher than from last year, but that he believes that reflects the population increase in Big Sky. Irrigation flow numbers are less than the high numbers in 2011.

**WATER OPERATIONS**

Muscat's production report was provided in the board packet in Muscat's absence. Edwards reported that the production in the meadow for both May and June was lower than last year. The water use at Lone Moose and Yellowstone Club is up, but Edwards didn't see any problems. Edwards reported that Muscat is working on fixing a big leak at Spanish Peaks that is in their pressure reducing vault (PRV). The District's water system is working well and the District is doing its routine summer leak detection.

Consumer Confidence Report: Edwards reported that the Consumer Confidence Report (CCR) is a required annual report. There are two reports, one for the District's system and one for the Spanish Peaks system, as they are separate systems. The CCR will be published in the paper and added to the District's website.

## **AMEND AGENDA**

There being no objection, Vice President Loble moved the water project bond debt and the directors' election earlier on the agenda.

## **RESOLUTION 13-03: WATER PROJECT BOND DEBT REFINANCING**

Smith explained the two options of bond debt refinancing and recommended the \$141,000 prepayment option to obtain a lower interest rate (2.25% to 2%). The prepayment is required to obtain the lower interest rate. For the prepayment, Smith would use funds from the water asset replacement fund and would need to transfer \$60,000 from the water operating account to this account. This will not affect the tax bill.

*Director Shropshire moved to approve Resolution 13-03: Water Project Bond Debt Refinancing with a \$141,000 prepayment as presented in Option A. Director Daniels seconded the motion. Motion passed, 6 yea votes to 0 no votes with Vice President Loble voting.*

## **RESOLUTION 13-04: CALLING FOR A BOARD OF DIRECTORS ELECTION**

Edwards reported that the board is required to adopt a resolution to call an election for the board seats held by Directors Reeves and Daniels. These seats will be open for election on November 5, 2013. Edward noted that the next board election will be in November 2015.

*Director Fast moved to approve Resolution 13-04: Calling for a Board of Directors Election as presented. Director Shropshire seconded the motion. Motion passed, 6 yea votes to 0 no votes with Vice President Loble voting.*

## **TRACT A-1: REQUEST FOR EASEMENT RELEASE**

Edwards reported that the easement review committee (Loble, Wheeler and Reeves) did not meet because the contract for the sale lapsed. Nonetheless, property owners continue to work with Haas regarding the purchase of that piece of land. Edwards reviewed his memo and all of the easement options shown on the maps that he had sent to the committee members on June 21, 2013. Edwards does not believe that MDOT would provide another approach and Option 1 provided for moving the easement next to the WSD ponds. Option 4 requires BSCC to convey a new parcel created from Parcel A to the District. This option gives the District continuous ownership from the highway to the treatment plant. Edwards noted that there are expenses for creating new parcels. Director Reeves stated the District does not need to release the easement. Edwards noted that Attorney Susan Swimley said that the District cannot give the easement away without compensation. Option 5 would vacate the easement so the District would have to determine a dollar value for the easement. Director Reeves stated that he didn't think there was a value in having the parcels "F" and "G". Edwards reported that the original easement was for a second access point to the land across the river as BSOA would not give Westland TM access through the park. The District has since purchased parcel C and the need for a second access point is not needed by Westland TM. According to Edwards, \$750,000 is the asking price for the 16+ acres. Vice President Loble asked if the District were in a position of a private land owner, would we give the easement away? He stated that as a public entity, we have the fiduciary duty of trustees. Edwards noted that the District did not have particular plans for using the property when it applied for a resort tax appropriation. He suggested there may be a community need for additional parking and a walking bridge to the park area. Jessie Wiese, BSCC, reported that its master plan does include walking bridges to expand the trail system and that a vehicle bridge would be useful if BSCC expanded parking at the east end of the park. Director Reeves stated it is hard for the District to look in the crystal ball and make an intelligent decision about future

needs. Haas preferred option 2, map 3, for his development plans. Leaving the easement as is it goes through the middle of the property and limits development of the parcel. Director Shropshire asked why we feel we needed to build a bridge. Edwards reported that the original commitment in working with Westland TM was that the District was going to fasten a sewer pipe along the bridge. Once the need for a bridge went away, the District received approval from the state to lay pipe below the river. Edwards reported that the District originally had a temporary easement with BSOA to access the treatment plant, but the District now has a permanent easement through the park. Director Reeves noted that a second access would be a benefit to the park by avoiding use through the park by WSD, Search & Rescue, and NW Energy. Haas reported that he has been working with adjoining land owner, Erwin. Haas plans to have two approaches into his RV park. Vice President Loble asked why development couldn't be planned using the existing easement. Haas reported that the existing easement goes through the center of the development and the center is planned for a park with camp sites around it. Haas repeated that Option 2 works best for his development plans. Director Reeves noted that moving the easement would make a more costly bridge. Edwards thought the distance would be about 100 feet more if the easement is moved to the west. Moving it east would create even a bigger span. According to Edwards, the current easement is at its narrowest point for crossing the river. Edwards reported that the parcel is in the Water & Sewer District and noted that the other compensation issue is that there is 25 SFEs attached to the land. Edwards noted that Haas may not need the 25 SFEs since he will have a pumped holding septic system. The SFEs could be removed from the property. Vice President Loble said if the District takes the SFEs back, then the District would still need to deal with Attorney Swimley's advice that the District needs to serve property in the District if the owner demands service. Jessie Weise stated that she will need to discuss the easement options with her board and seek its approval but, looking at the map, she doesn't see any issues. The BSCC does not meet until August 23, but Wiese can take it to her board electronically if a decision is needed by the District earlier. Vice President Loble commented that any easement negotiations need to be agreeable and beneficial to WSD and BSCC. Director Reeves stated that the District is responsible to the community and needs to do something on its behalf. Director Wheeler reviewed what he felt were benefits to the District, BSCC, and the developer, but noted that the highway encroachments need to be factored in. As presented in Option 4, having a pedestrian crossing bridge and having more land for the District would be clear benefits. Boundary line adjustments would need to be done. The red flag to Wheeler was in the efficiency in the highway encroachments. Secretary Fast asked if the committee is willing to work with BSCC and Haas on the easement. Vice President Loble feels that the bridge easement needs to be at the narrowest crossing point. Haas reported that he would like to have a couple of different walking bridges to the park that his development could use. Haas suggested having the access east of the substation, but still on parcels C and E as presented in the maps. Director Reeves reiterated that it is hard to predict in 20-30 years from now if a road access would be needed. Director Reeves also wants any negotiations to benefit all--BSCC, WSD, and Haas. Vice President Loble suggested that the committee and Haas should meet to consider his proposed development. The District would then have a better idea of the total range of options. It needs to be determined if the eastern area of the property, by Erwin, would be an appropriate bridge crossing area. Haas believes he can work with Erwin in moving Erwin's access.

On Wednesday, July 24, 10:00 am, the committee of Loble, Reeves, and Wheeler will have a meeting to review all options. Edwards and Haas will also attend the meeting and Wiese will check her calendar for availability. Vice President Loble will also invite Steve Johnson. All participants are to bring their data for consideration. Haas and Milligan noted that, currently, they do not have a deadline for closing, but that the property could be sold at any time.



Director Fast stated that the District should not take any options off the table. Director Shropshire noted that the entire section of the east area of the District's land is being used for the public.

#### **SPOTTED ELK & GLACIER CONDOMINIUMS SEWER REPLACEMENT PROJECT**

Edwards reported that there were six bids for the sewer replacement work on Spotted Elk and along Curley Bear Road near Glacier Condominiums. The engineer's estimate was \$102,528 and the low bid from CA Goodman from Enumclaw, Washington, was \$98,313. The board packet included a summary and detailed spreadsheet of the project bids. Edwards stated that we are back to construction activity of 2006-2007 and that is why the other bids came in higher than expected. DOWL HKM drafted a "Notice to Award" that Edwards will sign. The start date is August 15. Edwards reported that all of the money for the project is coming out of the asset replacement account. Letters will be sent to owners in the area of the construction. The board was in agreement with Edwards signing the Notice of Award for CA Goodman Excavation's sewer replacement contract.

#### **DEVELOPMENTS AND SUBDIVISIONS**

Edwards reported that two sets of plans were received from engineers working in areas around the District, but that there was no impact to the District.

#### **SPANISH PEAKS RESORT**

Edwards reported that the sale of Spanish Peaks Resort to Cross Harbor will close on July 18, 2013. Edwards will then meet with Mike Ducenois and talk about what needs to be done going forward. Edwards doesn't think Cross Harbor will give the system to the District as the District will not buy it. Also the District would want a \$1,000,000 reserve account with a transfer of the system. Edwards noted that Cross Harbor could operate it themselves, or sell it. Edwards has also heard discussion questioning if the water system is an asset that Cross Harbor is buying. The District does have a reserve account of about \$90,000 to fix water repairs in Spanish Peaks that the bankruptcy court has left intact. If the District is to continue operating the system, then the District needs to enter into an agreement with the new owners soon. Edwards said two big wells are used to water their golf course at no cost to the golf course. If the District took over the water system, the water use to the golf course would be charged. Edwards reported that SP does have two additional wells that are not online, but that they have the water rights to the wells. The sewer system in Spanish Peaks is owned and operated by District. Edwards feels that Spanish Peaks should be part of structure to use treated wastewater. Edwards reported that the meadow village golf course is first priority and YC is secondary for the District providing treated wastewater. The District could provide some water to Spanish Peaks. The District did build a "T" in the treated wastewater sewer line going to YC to serve Spanish Peaks in the future. Edwards reviewed the sizes of the District's ponds in comparison to YC's holding pond. Edwards feels that YC sees the value in using wastewater pond. Edwards feels that the District could use water from the Gallatin until our water rights are renewed and then use the treated wastewater for irrigation. In 1996, the District redid Big Sky Resort's golf course at a cost of about \$2,000,000 and Boyne now needs to invest in upgrading the software for the system. Edwards feels that the District could cost share, but believes that Boyne needs to invest in the improvements. Edwards feels that there is a risk of Spanish Peaks depleting the aquifer as its water demand increases. Edwards also explained why the District let its surface discharge permit expire.

### **SEWER & WATER PERMITS**

Edwards reported that 5 permits were issued. There are 37.63 SFEs remaining for sewer permitting and the District has a reserve of SFEs for releasing additional SFEs. Edwards's intent is to have engineers evaluate capacity prior to the board releasing additional SFEs.

Director Fast asked for a review of what the reserve funds are. Edwards explained that plant investment funds come from new connection permits and then into a fund to pay off bond debt for sewer projects. The District has been using the funds to level out bond debt to keep the taxes somewhat level. Water bonds are all on the tax rolls. Edwards stated that it has been awhile since the District has evaluated its impact fees (PIC) as compared to Bozeman and Belgrade. Asset replacement is from certified values provided by developers' engineers and is rolled into our accounting and reserve portion of the District's budget each year and comes out of our rate charges. Edwards noted that it has been the decision of the board to continue to build the depreciation fund for asset replacement. Edwards noted that most small communities do not cover their asset replacement in their rates. Restricted operating is what Smith uses when he runs out of money. Smith withdraws from this account when the District goes into the season of repairs and maintenance and then replaces it. Reserve for operating is in case something happens and we need the money. This money comes from rates. Any money left over after a fiscal year closes goes into the restricted operating reserve. Having this reserve is important if the District is short on its estimates. Director Reeves noted that it is working capital. Smith noted that the \$375,000 from the sale of the property to NW Energy the board set aside \$200,000 of that money into reserve. Edwards feels that the District is in good financial shape with the income meeting expenses.

Director Wheeler left the meeting at 10:00 am.

### **GENERAL CORRESPONDENCE**

There was no general correspondence requiring board action. Edwards noted that the board packet included an interesting article on the Northwestern Energy project in the canyon.

### **NEXT MEETING**

The next board meeting is tentatively scheduled for Tuesday, August 20, 2013, at 8:30 am. Vice President Loble would like the next meeting date noted on future agendas.

### **ADJOURNMENT**

*Director Reeves moved to adjourn the meeting at 10:25 am. Motion unanimously passed.*



Dick Fast, Secretary

**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – August 20, 2013**  
**WSD Community Room**

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, August 20, 2013, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Les Loble, Secretary Dick Fast and Directors Jeff Daniels, Brian Wheeler and William Shropshire. Director Tom Reeves participated via conference call. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, and Jim Muscat. Others present were Prudential Real Estate agents Peter MacKenzie and Erin Mandeville, and TM Land Partners representative Susan Taylor.

**PUBLIC FORUM**

With no public comment, President Cronin called the meeting to order at 8:35 am.

**MEETING MINUTES**

*Director Shropshire moved to approve the minutes of July 16, 2013, as amended. Director Daniels seconded the motion. Motion passed, 7 yeas to 0 nays with President Cronin voting.*

**AMEND AGENDA**

*Vice President Loble moved to amend the agenda to address Item 5, Tract A-1 Easement. Director Wheeler seconded the motion. Motion unanimously passed.*

**TRACT A-1: REQUEST FOR EASEMENT RELEASE**

Edwards reported that the committee did meet and walk Tract A-1 to look at alternate easement alignments with Jessie Wiese, Steve Johnson and John Haas. Edwards talked to Lynn Milligan yesterday and reported that John Haas has a new contract for purchase on the parcel. Edwards distributed a sketch prepared by John Haas that showed his preferred easement alignment on the far eastern end of the tract. Edwards reviewed the correspondence in the packet and Susan Swimley's legal opinion concerning the District's easement and the parcel zoning.

Edwards noted that the easement alignment proposed by Haas in the sketch would probably be the narrowest crossing. Haas did not bring his development plan, or data, for the walk through as requested at the July board meeting. Vice President Loble noted the difficulty in trying to be accommodating without seeing Haas's development plan. Delineating the easement access, considering an automobile bridge, and accessing additional parking were items discussed at the walk through as potential benefits to the Big Sky Community Corporation's (BSCC) park development plans. The District's focus is for future utility access if water and/or sewer lines ever need to cross the river to the treatment plant. Edwards noted that a secondary access for the District, Search and Rescue, and Northwestern Energy facilities would benefit all parties by reducing traffic through the park. A bridge crossing was also identified as a potential benefit to Haas's development. Vice President Loble reported that the committee's discussion of a road crossing the river at the east location was only a hypothetical discussion and that the committee has not made a recommendation to the WSD board. Vice President Loble supported taking Swimley's advice to not give up the easement. Vice President Loble reminded the board that the Water & Sewer District came to the resort tax board in the spring for funding to buy this parcel of land that Haas has also interest in buying.

Director Shropshire asked about who makes the decision on approving the land use. Edwards explained that the Big Sky Zoning Advisory group only makes a recommendation to Gallatin County. Under the current zoning designation, an RV park would require a conditional use permit.

Edwards also noted that the easement has utility value to get a pipe to the north side of the Middle Fork of the Gallatin if a lift station was ever needed to serve the corner, or canyon, properties. Edwards stated that even though a plan is not currently on the table for this type of infrastructure there is a value to have this capability in the future. President Cronin agreed and noted that the need is difficult to predict but it should be kept as an option.

Director Shropshire asked if the District needs to respond to attorney Fallow's correspondence. Vice President Loble believes that the District needs to respond through legal counsel. Director Wheeler stated that going from a pleasant meeting with Haas and the committee on relocating the easement to reading Tim Fallaw's letter in the board packet demanding that the District release the easement was a surprise. Vice President Loble read the portion of Fallaw's letter demanding a release of the easement. Director Wheeler wants it to be clear that the board was waiting for the committee to evaluate relocating the easement with an alternate alignment that it could support. President Cronin asked if Fallow's letter puts the District in an adversarial position. Director Daniels also asked if there were any precedent issues in abandoning an easement. Edwards noted that the consensus of the board has supported looking at alternate easement alignments, and not about abandoning the easement. President Cronin noted that Fallow sending a demand letter with a termination of easement document to the District to sign without obtaining a verbal agreement from the board sends the wrong message. Secretary Fast agreed and noted that WSD board members have been considering realignment and not abandonment. Vice President Loble noted that the court case involving the city of Bozeman was provided in the packet. In that case, the city went behind the buyers back to purchase the property, thereby interfering with a business relationship. The issue there was whether the city played fair or not. Vice President Loble reported that the District's interest in Tract A-1 has always been public. President Cronin stated that his position on the realignment has changed dramatically because of the correspondence the District received from attorney Fallaw. Director Wheeler agreed with President Cronin. Director Wheeler stated that he originally wanted to work on a 3-way win-win option for all parties, but now this demand letter from Fallaw takes a strong stance for abandonment only. Director Wheeler asked if the WSD board should continue work with John Haas now that the attorney for TM Land Partners is involved. President Cronin feels that it is now more difficult for the board to talk to the potential buyer. The District needs to focus on working with the land owner. In Director Shropshire's opinion, the board must direct legal counsel to reply to Fallaw's letter before proceeding. Since attorneys from both sides are involved in the easement issue now, President Cronin did not take any public comment on this issue. President Cronin directed Edwards to have the District's legal counsel to respond to the letter from Ken Fallaw, the attorney representing TM Land Partners, LP.

***Director Shropshire moved to request Swimley to reply to Fallaw's letter with the same tone and substance she used in advising Edwards. Vice President Loble seconded the motion. Motion passed, 7 yea votes to 0 no votes.***

## **FINANCIALS**

Smith noted that there were no unusual items to report with respect to the general financial statements.

*Vice President Loble moved to approve the July financials as presented. Director Daniels seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Cronin voting.*

Smith reported that the water and sewer loans were closed out last month. Refinancing the loans will save approximately 1.5 million dollars over the terms of the loan. *The board directed staff to provide this information to the newspapers and also have it included in the next quarter's bills.*

Secretary Fast reported that he consulted Smith for help on financials for another organization he serves on. Secretary Fast was pleased with the assistance and thanked Smith for the help.

General Obligation Bond Debt Service Mill Levy Certification: Edwards explained that with the overall taxable values up, it helps with reducing the mill rates. Edwards pointed out that the numbers on the taxable value summary differs due to the water and sewer service boundaries being different. Edwards recommended using \$300,000 from the plant investment charge (PIC) reserves which would reduce the sewer mill levy rate by 8.5% from last year. Vice President Loble asked why the District would use \$300,000 in reserves to offset the mill rates. Edwards stated that the PIC funds do not come from operating reserves, but from the PIC reserve account. Edwards explained the purpose of the PIC account and the history of the District using \$400,000 from this account to reduce the mill levy rate for the sewer bond debt only. *The board directed Edwards to send an article to the paper regarding the reduced mill levy.*

*Director Shropshire moved to approve spending \$300,000 in PIC reserves to have the tax levy mill rates of 23.93 for water and 25.65 for sewer as presented. Vice President Loble seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Cronin voting.*

## **SEWER OPERATIONS**

Burroughs was not available to review his flow report. Edwards explained that wastewater flow is measured as it goes into the plant. Director Wheeler noted that the flow increase in both June and July is probably due to the record numbers the resort had during the same period.

## **WATER OPERATIONS**

Muscat distributed his production report noting that flows are down over last year. A couple of key leaks found through leak detection were fixed. The wells are currently running 24-7 and Muscat feels that will continue for another couple of weeks. Production at Lone Moose is up due to this system helping supply water to the meadow and also due to landscape watering at Lone Moose. Muscat noted that water use at Yellowstone Club is down a little. The Spotted Elk pump house will control all five wells with backup power that will soon be in place. The pressure reducing vaults (PRVs) are being replaced and relocated from the middle of the road to near the side of the road.

**Spanish Peaks Water System:** Muscat reported that with Spanish Peaks being in bankruptcy the last couple of years that no one has been able to do much maintenance on their system. There is now a pretty good punch list that he has reviewed with John Olson, their recently rehired operator. Edwards reported that he asked Olson to draft a new operating agreement with the new owner to present to the WSD board. The District has been operating the Spanish Peaks system under an old contract agreement with the former owner. President Cronin said the cleanest, wisest thing to do for now is to have the old agreement updated listing the new owner and have it signed by both parties. The District and the new owner can then fine tune the document. President Cronin also believes that the District needs to back away from running the Spanish Peaks water system. *Edwards will call John Olson and follow up on the new agreement as it is a priority for the board.* Edwards reported that there is approximately \$70,000-\$80,000 in the Spanish Peaks water reserve account. Muscat feels it is necessary to clarify where money is going to come from for repairs and maintenance at Spanish Peaks. Director Shropshire suggested modifying the original contract to cover these issues and send it to the new owner for signing. Edwards noted that the District has always held firm that the District will not spend any money out of its pocket for repairs and maintenance at Spanish Peaks. With what seems as daily changes at Spanish Peaks, Director Wheeler wants the District to be proactive by getting the operating agreement document prepared and presented to the owner for signature. *President Cronin directed Edwards to have the old agreement signed by the new owner, Cross Harbor Partners, by the end of the week.*

**Meadow Wells and Chlorination Update:** Edwards reported that the new pumps will be flow tested this week. The State considers the District's wells as surface water due to their depth. Chlorination of surface water is required by the State, but Edwards does not know if the State will force system-wide chlorination. It would be a huge task, at a huge cost, for the District to chlorinate its entire water system. The District will be asking for a variance where only new wells #4 and #5 would have to be chlorinated. Edwards noted that people in Big Sky love the water as it is--not chlorinated. Edwards reported that Spanish Peaks is required to chlorinate their system as they do iron removal. *Edwards will coordinate with Eric Blackmore, Morrison-Mairele, to put together a plan to present to the State for disinfecting only the new wells when they are in use. Edwards will plan the meeting in the fall.* According to Edwards, the State's chlorine residual program has changed as they have softened their position a little. Edwards noted that the Mountain Lakes well is only a test well that will have to be re-drilled before it can be included in the District's water system.

#### **BOARD ELECTION**

Edwards reported that the deadline to file an Oath of Candidacy and Petition for Nomination is August 22. Director Reeves reported that he has already filed. Director Daniels stated that he will file today.

#### **SPOTTED ELK & CURLEY BEAR ROAD SEWER LINE REPLACEMENT PROJECT**

Edwards reported that the sewer line replacement on Curley Bear Road/Glacier Condominiums was finished late last week. The work along Spotted Elk Road will begin next week. Edwards commented that the contractor seems to be doing a good job.



### **DEVELOPMENTS AND SUBDIVISIONS**

Black Eagle Project: Edwards reported that he sent a letter to Kyle Barner/Blue Ribbon Builders regarding Black Eagle Condominium development. Edwards's letter explained that the development will pay plant investment charges based on square footage. The development will be able to use the same development plan even though the SFE calculation will change.

Mountain Lodge: Edwards reported that The Lodge, formerly the Mountain Inn, has acquired all units and is now under one parcel. Follow up documentation on M.I. Condominiums being removed from the Montana Unit Ownership Act was provided in the packet.

### **SEWER & WATER PERMITS**

Edwards reported that the Country Store's change of use permit application was approved with an increase of .55 SFEs (single family equivalents).

### **GENERAL CORRESPONDENCE**

There was no general correspondence requiring board action.

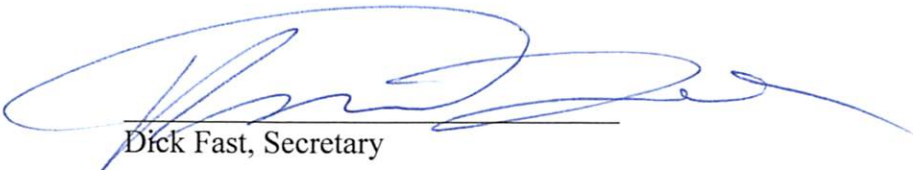
### **NEXT MEETING**

The next board meeting is tentatively scheduled for Monday, September 16, 2013, at 8:30 am.

*Vice President Loble asked that the future agendas specify the next meeting date. Vice President Loble would like public comment as an item at the beginning of the agenda.*

### **ADJOURNMENT**

*Director Vice President Loble moved to adjourn the meeting at 10:00 am. Director Fast seconded the motion. Motion unanimously passed.*



Dick Fast, Secretary

8-20-13. min (Board Approved 9/16/13)

**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – September 16, 2013**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Monday, September 16, 2013, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Directors Jeff Daniels and William Shropshire. Director Wheeler participated via conference call. Vice President Les Loble, Secretary Dick Fast, and Director Tom Reeves were not present. WSD staff present was Ron Edwards, Marlene Kennedy, Terry Smith, and Jim Muscat.

**PUBLIC FORUM**

With no public in attendance, President Cronin called the meeting to order at 8:35 am.

**MEETING MINUTES**

*Director Shropshire moved to approve the minutes of August 20, 2013, as written. Director Daniels seconded the motion. Motion passed, 4 yeas to 0 no votes with President Cronin voting.*

**FINANCIALS**

Smith briefly reviewed the financials. Smith reported a slight revenue increase due to increased water use for irrigation.

*Director Daniels moved to approve the August financials as presented. Director Shropshire seconded the motion. Motion passed, 4 yeas to 0 no votes with President Cronin voting.*

Smith reported on the delinquent account list that has been sent to the counties for collection on the tax roll. The list had 45 accounts that totaled \$42,148.29. The largest account balance was Farmhouse Partners in the amount of \$13,076.47. Smith will talk with legal counsel on how to handle Farmhouse's delinquent balance. Director Wheeler reported that he has been informed that Farmhouse Partners is working on refinancing with a date in early November.

Director Shropshire asked if there is any way the District can search credit references prior to issuing connection permits. Director Wheeler noted that many of the delinquent accounts are from multi-family complexes where units are sold after a permit is issued and construction is complete. Edwards noted that under the District's ordinances if a permit applicant is delinquent on other property the new permit cannot be issued until the delinquent account is paid current.

Smith reported that a draft audit should be available the first week in October and will be sent to the board for the next meeting. Director Shropshire volunteered to review the draft audit.

**SEWER OPERATIONS**

Edwards reviewed the wastewater flow report. Compared to last year, flows are up about 3 million gallons. Hampered by wet weather, the biggest issue is getting the ponds drawn down before winter. Edwards also reported that only a couple hundred thousand gallons of treated wastewater will be pumped to the Yellowstone Club (YC) this year as YC has been drawing down their pond for a liner leak repair. President Cronin asked what the District can expect in



the future for the availability of pumping treated water to YC. Edwards noted that the pilot snowmaking project has DEQ looking at snowmaking reuse favorably, but nothing has been proposed on a large scale to expand YC's ability to dispose of treated wastewater. Edwards has also been discussing the concept of building more storage area in Spanish Peaks for golf course reuse disposal with John Olson. President Cronin noted that if Spanish Peaks does add storage the District should not allocate any additional capacity. President Cronin wants the District to stay ahead of YC on their obligation to use treated wastewater.

### **WATER OPERATIONS**

Muscat reported that water production flows are normal and less in some areas due to leak detection and repairs. The mountain wells are holding their own as we have moved less water off of the mountain this year. Muscat reported that the Hidden Village million gallon tank was inspected by divers last week and passed. The divers reported that the tank looks like it is brand new. A little deposit of what looks like calcium build up was removed by the divers with a pool type vacuum. Muscat continues to work with John Olson at Spanish Peaks on their water system's weak spots. All of the mountain village pressure reducing vaults (PRV) will eventually be moved and replaced with a completely sealed vault. One PRV a year will be replaced starting with the PRV at the intersection of Whitegrass and Jack Creek Road this year. Muscat also reported that he will be doing microscopic particulate analysis (MPA) tests later today on Cascade Wells 5 and 6 as required by DEQ.

Director Shropshire reported that there is some sinkage on Two Gun White Calf Road. *Muscat will inspect the road area today to determine if the District has any responsibility.*

President Cronin asked if Edwards met with Spanish Peaks (SP) regarding our water system operating agreement. Edwards and Smith are working on the agreement and will present it to John Olson. Edwards stated that the document will be ready for the board by the October meeting. Edwards will work with Ray Armstrong, Dowl/HKM; at SP's expense on the storage capabilities. *President Cronin directed Edwards to keep the agreement separate from storage.*

### **SPOTTED ELK & GLACIER CONDOS SEWER REPLACEMENT PROJECT**

Edwards reported that the contractor has finished at Curley Bear Road/Glacier Condominiums and is now working at Spotted Elk Road. Edwards expects cleanup to be done this week.

### **DIRECTOR ELECTION**

Edwards reported that the Gallatin County Election Office only received candidate applications from Directors Daniels and Reeves for their board positions that will expire in November. Daniels and Reeves will be elected through acclamation the first week in November.

### **SEWER & WATER PERMITS**

Edwards reported that a permit application was received for the first two buildings on Tract 5. An application was also received from the Big Sky Community Corporation (BSCC) for the concession/pavilion building for the park. Under the road access easement agreement with BSCC, plant investment charges (PIC) are exempt.

Edwards commented on a very preliminary development plan proposed for Westfork Meadow, Lots 5 and 6. The plan is for two buildings with a total of 60 bedrooms, 60 bathrooms, and common area for each floor in each building. The plan was presented by an individual that does not currently own the property. Edwards noted that the adjacent developed lot, Pine Ridge Condominiums, has the same lot square footage and has only 10 units. President Cronin commented that this type of density would have issues with parking and Westfork HOA requirements. With other board members in agreement, Director Shropshire advised keeping all dialogue hypothetical unless it is with the property owner.

#### **GENERAL CORRESPONDENCE**

There was no general correspondence requiring board action.

Tract A-1: Edwards met with legal counsel. He reported that Susan Swimley did not have any problems with the District making an offer to purchase the tract if the board wants to pursue it.

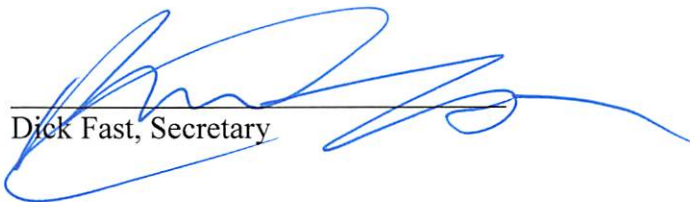
Search and Rescue: Edwards reported that the Search and Rescue is finishing a parking area on District property that is located below their building. This pad will be used for overflow parking.

#### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, October 15, 2013, at 8:30 am.

#### **ADJOURNMENT**

*Director Shropshire moved to adjourn the meeting at 9:20 am. Director Wheeler seconded the motion. Motion unanimously passed.*



Dick Fast, Secretary

9-16-13.min (Board Approved 10/15/13)

**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – Tuesday, October 15, 2013**  
**WSD Community Room**

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, October 15, 2013, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Les Loble, Secretary Dick Fast, and Directors Jeff Daniels (left meeting at 10:00 am), and Tom Reeves. Directors William Shropshire and Brian Wheeler (left meeting at 9:30 am) participated via conference call. Others present were WSD staff Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Peter Bedell. Former board member Bill Olson was also present.

**PUBLIC FORUM**

With no public comment, President Cronin called the meeting to order at 8:34 am.

**MEETING MINUTES**

Director Reeves corrected the record that the parking pad below the Search and Rescue building will not be used as a heli-pad.

*Vice President Loble moved to approve the minutes of September 16, 2013, as amended. Director Fast seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Cronin voting.*

**FINANCIALS**

Smith reported that third quarter water use was down a couple of million gallons. The lower use translated to approximately \$3,000 in revenue loss. Overall, revenues were as expected and expenses were on target. Smith did not have an exact number of customers that had usage in the new fourth tier water rate, but thought it was only a handful. He noted that the Mountain Lodge had usage in the fourth tier rate now that they are only one account.

*Director Reeves moved to approve the September financials as presented. Director Daniels seconded the motion. Motion passed, 7 yea votes to 0 no votes with President Cronin voting.*

Draft Audit Report FY 2012-2013: Smith reported that auditor Vickie Tischendorf will present the District's final audit at the next board meeting. Director Shropshire offered to review the document more thoroughly prior to the next meeting. Director Shropshire stated that the draft audit is an unqualified opinion and no deficiency rose to a level that needed further reporting. Director Shropshire defined an unqualified opinion. Directors Reeves and Shropshire stated that it was a clean audit. With respect to the District's internal control procedures, Director Shropshire suggested that the board ask the auditor if there are any areas that should be looked at closer, including areas that are not specifically audited. Director Reeves explained that the issue is whether the District would like to fund an internal control audit. Director Reeves feels that unless board members are seeing things they are concerned about, an internal audit probably isn't worth the expense. *Board members recommended asking the question of the auditor and to also ask how often it should be done. The board will need to accept the audit report at the next meeting.*

**SEWER OPERATIONS**

Bedell reported that the District's large storage pond is drawn down, but not quite to the level of last year. The golf course irrigation system is being blown out and new booster pumps have been delivered. The engineers are working on a plan to retrofit the booster pump house piping.

Edwards reported that he has talked to John Olson about the possibility of building a new storage pond at Spanish Peaks Resort. Spanish Peaks is looking into it and it looks promising. The goal would be to add that storage for the District's treated wastewater. Spanish Peaks would then use treated wastewater for golf course irrigation water.

The Yellowstone Club (YC) pond is still being drawn down for repair work. Bedell did not know how much water they have in their pond. Edwards noted that YC's irrigation usage was around 25 million gallons per year. Director Reeves sees the problem as YC not using enough treated water to draw down the pond each season. Edwards reported that the Spanish Peaks pond is fresh water that they also use for snowmaking on the Southern Comfort. Director Fast suggested that the District meet with Spanish Peaks to discuss Spanish Peaks using treated wastewater for snowmaking. Edwards feels that Spanish Peaks needs to reserve its wells for potable water, not using the wells for 100 percent of the golf course irrigation and snowmaking. President Cronin wants the District to be proactive by contacting Spanish Peaks and Yellowstone Club now, before it becomes a problem for the District to dispose of treated wastewater there. Edwards noted that the District might have to reduce YC/Spanish Peaks SFEs if they cannot increase their reuse water stipulated in the agreement. Director Wheeler feels that, with the new owners, they may be more cooperative to work on this with the District. Director Wheeler sees the issue as the owners, or managers, in critical positions not being aware of the urgency to start the planning process. The District needs to get communication started with Spanish Peaks and Yellowstone Club rather than wait until it becomes a bigger problem. Director Wheeler will talk to one of the key YC/Spanish Peaks representatives about this issue. Director Wheeler will report to Edwards on who Edwards will need to be working with. According to Director Wheeler, the District's goals should be storage capacity for treated wastewater at Spanish Peaks and then to have Spanish Peaks use the water to irrigate its golf course. Director Wheeler would like the board to put a deadline on this goal. *The board directed Edwards to have the management individuals identified by the next board meeting.* Edwards feels that the new management needs to be involved to make sure that treated wastewater is used on the YC golf course, or in some other location. YC and Spanish Peaks needs to present a plan to resolve the deficiency in using treated wastewater. Director Wheeler wants the District to define usage requirements for YC.

## **WATER OPERATIONS**

Muscat reported that the District's water production is looks good. The total volume is down compared to last year, which is probably due to the increased rainfall. The Cascade pressure reducing vaults will be moved and replaced this year. Mountain wells 5 and 6 will be pump tested this week.

Spanish Peaks: President Cronin noted that the Spanish Peaks Water System Assessment report provided in the board packet was informative. Muscat reported that an estimated 90 percent of their water use is going to their golf course. This use may not be sustainable over time. From an operating point of view, Spanish Peaks should pay for the potable water they use on the golf course. Muscat worked with John Olson to draft a punch list of items for the Spanish Peaks water system. There are some things that need changed in priority with some of them being big ticket items.

Muscat feels that the water going to the golf course should be metered. *Muscat did not know the dollar value to complete the punch list items, but will prepare estimates.* Edwards and Smith noted that the bulk of the list could be financed with the Spanish Peaks reserve funds that the District has in a reserve account. Edwards noted that any work at Spanish Peaks will be done with that money. Edwards feels that Spanish Peaks is better off with the District being involved. Director Fast noted that Spanish Peaks has competing demands such as getting their final plat approved.

#### **AMEND AGENDA**

*Vice President Loble moved to amend the agenda to address the Spanish Peaks Operating Agreement. Motion seconded and unanimously passed.*

#### **SPANISH PEAKS WATER OPERATING AGREEMENT**

Edwards noted that the District has been operating Spanish Peaks under a contractual basis. Edwards stated that Susan Swimley has not reviewed the draft agreement. The draft agreement includes the ability to charge the golf course for irrigation water so he doubts that Spanish Peaks will sign the document with that section included as written. The term of the contract was left open, with Edwards preferring one year and Smith preferring six months. Edwards believes the biggest issues are charging for irrigation water to the golf course and depreciation costs for the water system. If the District were to acquire the water system, Smith estimates that an asset replacement account should have approximately \$1.2 million in it. Director Fast asked if the District should add another item to the document to clarify that the District does not want to own the system at this time. President Cronin feels that the District needs to be cautious in regards to any consideration to convey the Spanish Peaks water system. The priority for President Cronin and Muscat is for the District to be able to control the water system for providing potable water and fire storage. Edwards will *add language for fire storage to the document*. President Cronin wants *what DEQ requires for adequate fire storage for subdivision approval to be adhered to*. Muscat identified the significant weakness as the lack of metering to determine how much water is going where. Vice President Loble questioned whether any conveyance language should be included in the contract and feels strongly that it should not be in the new agreement. Prior to presenting the agreement to Swimley for review, Edwards would like to get the document closer to where both parties could agree to it. Regarding item 16, Indemnification, President Cronin asked why the District would indemnify Spanish Peaks when the District does not have control over the system. *The District needs to be indemnified.* Vice President Loble *directed Edwards to have legal counsel to review the document now*. Edwards is also to ask Susan Swimley to *include an arbitration clause*. Muscat asked if the District should state what the goal of the District is and asked if the District even wants to consider taking it over at this time. Vice President Loble recommended adding a statement to the Recitals that the parties may consider transferring the system to the District. If that statement is added, other paragraphs will have to be edited. (Director Wheeler left the meeting at 9:30 am)

#### **UTILITY EASEMENT RELEASES**

Edwards stated that prior to Swimley recommending that the District assign a value to easements, requests for easement adjustments were easier to analyze and process. The three requests received this month for easement adjustments were:

Town Center asked for a partial release of an easement to change the easement area from 60 feet to 50 feet. President Cronin explained that, with Town Center store fronts being built right up to the sidewalk, the county recently approved a 50 foot road easement variance. Edwards reported that Ryan Hamilton asked to let him know the District's value of the easement. If the request is approved, based on staff input, the board feels that it shouldn't hamper, or diminish, the District's ability to work on its water or sewer mains in this area. Secretary Fast stated that the proposed easement release only reduces the width of the easement 5 feet on each side. Edwards did not feel that a 50-foot easement would interfere with the District being able to perform its work. Secretary Fast asked that Edwards meet with Hamilton to define exactly what it is they want and then to have legal counsel review the document. Edwards feels that the request for the easement release on Tract A-1 and the request for reducing the road easement in Town Center is an apples to oranges comparison. Director Reeves noted that the whole logic to Swimley's recommendation was for the District to not give away something for free. Director Reeves also feels that this is not the same issue.

South Fork Blue Grouse Well Site. The owner of South Fork Lot 10 wants to build a new house and asked the District if it would consider either reducing their platted well easement, or vacating it altogether. Edwards reported that the pump house has already been removed and the old well head will eventually be abandoned. The piping and concrete will also be removed. Edwards does want to preserve the ability to re-enter the well if needed in the future. Muscat asked if there was a lot line easement and stated that a 20-foot well easement, without needing a pump house, would be sufficient. (Daniels left the meeting at 10:00 am) President Cronin suggested an option of maintaining the easement and allowing Lot 10 owners to put a driveway on it that the District could use if ever needed. Secretary Fast questioned if this request is similar to Tract A-1 request. If the request does not impact the District's ability to do its business, Edwards recommended that the District consider approving it. The board directed Edwards to have Swimley review the request for reducing the easement to 20 feet. Edwards noted that the Bureau of Mines will be studying the water supply in Big Sky for the next 2 years and will probably look at using this well for data.

South Fork Phase 2, Lot 24, is a request for abandoning an easement. Edwards reported that the area has been re-platted. According to Edwards, this easement release would be similar to the request for Town Center. Edwards no longer sees a need for this old utility easement. For the record, President Cronin noted that he owns the lot. Speaking as the owner, Cronin reported that there were originally 2 lots and the area has since been re-platted with 5 lots. After re-platting, the water and sewer lines were abandoned and rerouted. Three of the lots will tap into sewer and water main lines from Spruce Cone Drive. Edwards feels that all five lots can still get to the Districts' mains for water and sewer connections. This should be the last cleanup of water and sewer easements in South Fork.

***Vice President Loble moved to approve the reduction of the easement in the Town Center from 60 feet to 50 feet, reduce the South Fork well 2 easement from 40 feet to 20 feet, and to approve the abandonment of the easement on South Fork Lot 24 all subject to Susan Swimley's review and approval. Director Reeves seconded the motion. Vice President Loble noted that approving the requests for easement releases will not hinder the District from doing its work in the future. Motion passed, 4 yea votes to 0 no vote. President Cronin abstained. Edwards will review the pipe locations in the Town Center prior to presenting easement reduction documents to the board for signature.***



**DISTRICT ORDINANCE 13-1001: RELEASE OF 100 SFEs (First Reading)**

*Director Fast moved to approve the first reading of Ordinance 13-1001: Release of 100 SFEs, as presented. Vice President Loble seconded the motion. Motion passed, 5 yeas votes to 0 no votes with President Cronin voting. Edwards will be working with Ray Armstrong on capacity calculations.*

**SPOTTED ELK & GLACIER CONDOS SEWER REPLACEMENT PROJECT**

Edwards reported that the Spotted Elk dirt work has been prepped, but that sodding will be done in the spring. Seeding will be done this fall at Curley Bear.

**TRACT A-1: REQUEST FOR EASEMENT RELEASE**

Edwards reported that he met with a new prospective buyer that is considering employee housing for the property. Edwards told the prospective buyer that any further consideration on the easement would be with the owner of the land. The District has not received any further correspondence from Attorney Fallow who sent the District a letter demanding release of the easement.

**SEWER & WATER PERMITS**

Edwards reported that permits were issued for the new grocery store and a new park pavilion. Edwards noted that the permits issued in Town Center are exempt from sewer plant investment charges and that the District currently does not have any impact fee for water connection permits. He asked if the board wants to explore an impact fee for water connections.

**GENERAL CORRESPONDENCE**

Edwards reported that District customers were informed of the bond refinancing through a brief note added to quarterly statements and through a letter included with the statements.

*The board directed staff to explain the vacant lot charge to Maren Dunn in response to Dunn's note on her payment coupon.*

**NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, November 19, 2013, at 8:30 am.

**ANNUAL DINNER**

Director Reeves suggested setting a date for the District's annual dinner if it is going to be held this year. President Cronin will be gone December 20 through January 7. Director Shropshire will be in Montana beginning the week of Christmas until spring. Bill Olson will be gone until December 7 and not available January 10. Edwards will confirm a location for the board's annual dinner proposed to be held Saturday, January 11, 2014.

**ADJOURNMENT**

*Director Reeves moved to adjourn the meeting at 10:31am. Secretary Fast seconded the motion. Motion unanimously passed.*

  
Dick Fast, Secretary



**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – November 19, 2013**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, November 19, 2013, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Les Loble, Secretary Dick Fast and Directors Tom Reeves and Brian Wheeler. Director William Shropshire participated via telephone. Director Jeff Daniels was not present. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat and Grant Burroughs. Other present were District property owner Bob Shanks and BSOA representative Suzan Scott. Auditor Vickie Tischendorf of Holmes & Turner briefly participated via telephone.

**PUBLIC FORUM**

President Cronin called for public comment at 8:35 am. Bob Shanks stated that he was attending the meeting to meet the board. With no further public comment, President Cronin called the meeting to order at 8:37 am.

**MEETING MINUTES**

***Director Loble moved to approve the minutes of October 15, 2013, as amended. Director Fast seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.***

**FINANCIALS**

Smith briefly reviewed the financial report stating that there were no unusual items to report. With an increase in irrigation demands for third quarter, revenues were above year-to-date projections. Due to the timing with taxes, non-operating revenues were under budget projections. The State Revolving Fund (SRF) payment is due January 1, 2014.

***Director Fast moved to approve the October financials as presented. Director Reeves seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.***

**FY 2012-2013 Audit:** Smith reported that due to a meeting date communication error, auditor Vickie Tischendorf was not able to attend the board meeting in person as originally scheduled. Participating via telephone, Tischendorf reported that there have been no changes to the draft audit report. There are two minor management comments that Tischendorf would like to discuss with the board. Tischendorf will attend the next meeting.

***Vice President Loble moved to have Tischendorf present the final audit report at the next meeting. Director Reeves seconded the motion. Motion unanimously passed.***

**SEWER OPERATIONS**

Edwards reported that flows are on par with a year ago. The golf course irrigation has been blown out. Burroughs reported that he and Peter Bedell will be pumping water to the Yellowstone Club (YC) today to test the system. The YC pond was drawn down about 40 million gallons this year. Burroughs did not think that the YC pond was drawn down far enough for YC to make their repair.

Edwards reported that Ray Armstrong, Dowl HKM Engineering, will identify potential pond sites at Spanish Peaks and prepare a feasibility study for wastewater storage and use on Spanish Peaks' golf course. Armstrong and Spanish Peaks representative Jon Olsen will be at the next board meeting. Edwards estimated that a couple of miles of pipeline will be needed to access Spanish Peaks property for wastewater storage and use.

## **WATER OPERATIONS**

Muscat reported that the water production flows are fairly normal and well within average. *Muscat will continue to investigate why there is a large amount of water being pumped to the Lone Moose tank.*

Cascade Wells 5 & 6: Muscat reported that wells 5 and 6 are on line even though the District does not use them. The microscopic particulate analysis (MPA) testing required by the Montana Department of Environmental Quality revealed no evidence of micro-organisms in the water samples taken from these wells. The second round of testing will be completed. The MPA sampling cost is approximately \$1,500 per round of testing. Muscat reported that the chemical sampling of all the wells is finished with all results coming out perfect.

Spanish Peaks (SP): Muscat reported that all of the pressure reducing valves (PRVs) have been fixed. The pump station burned up, but it and the controls have been fixed. Check valves need to be added. President Cronin asked if the increased maintenance on SP's system is a preview of what can be expected. According to Muscat, the SP system is complicated due to elevation differences and required water treatment. The system is a lot of work for an operator. From Muscat's point of view, SP has not had the staff to put much time and attention to its system. Muscat stated that he is trying to shake the bugs out of the system, but that it is a good water system that needs tweaking. Jon Olsen has helped the District in diagnosing problems. With the amount of water going through the system, Muscat believes that there are leaks. It will be a challenge to find the leaks as a lot of plastic pipe has been used. Muscat's goal is to find out what caused the pump failure. Edwards said the biggest problem is getting pumps as replacement pumps take about three months to get after ordering.

## **BOARD OF DIRECTOR APPOINTMENTS**

Edwards stated that Directors Reeves and Daniels need to sign oath of office forms.

*Vice President Loble moved that the two board members, Jeff Daniels and Tom Reeves, be elected by acclamation for four-year terms to the WSD Board of Directors. Director Wheeler seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting. Director Reeves signed the oath of office form.*

## **ORDINANCE 13-1001: RELEASE OF 100 SFEs (Second Reading)**

Edwards reported that, if approved at third reading, Ordinance 13-1001 will release 100 SFEs. Ray Armstrong, Dowl HKM Engineering, will be available for the December meeting to present his capacity analysis report. Edwards reported that the Town Center grocery store has already received conditional approval for their SFE needs. The new medical facility in the Town Center is in the planning stages and their SFE needs are not known at this time. According to Edwards, Ryan Hamilton has informed him that there will be two additional construction starts in the Town Center next year. President Cronin cautioned that the District needs to consider capacity prior to releasing additional SFEs.

*Director Shropshire moved to approve the second reading of Ordinance 13-1001: Release of 100 SFEs, as presented. Secretary Fast seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.*

### **FIRST PLACE EASEMENT REQUEST**

Edwards stated that the board packet included a letter from Curley Shea requesting a permanent easement through the District's parking lot to the First Place building that he and Chad Ouellette own. Shea and Ouellette informed the board that they would like to sell their parcel and are looking to facilitate the access into their property through an easement that would make the property more marketable. They would like a two lane easement for vehicle traffic with access possibly being between the propane tank and the building. According to Ouellette, they need a concrete answer to solidify access for an easement from the District before they can start designing something for development. Vice President Loble noted the agony the District has gone through with easements and asked if they are asking for a verbal agreement that the District would approve an easement. Edwards and Vice President Loble asked if they have looked into access through the 3-Rivers Communication site. Edwards noted the existing agreement where the District is already allowing 19 parking spaces, but there was never anything said about an access easement. President Cronin does not think it would be right for the District to grant an access easement that would then facilitate a business that would need our parking. President Cronin asked what would happen if a business went into the First Place building that used more parking than what was originally agreed to. Ouellette agreed that they would have to prove they have adequate parking. Shea reported that they are hoping for a business development with less impact compared to what was originally planned. Ouellette acknowledged that the use could change over time and a lack of parking could impact the District. Shea believes that the parking is supposedly adequate with the Meadow Village PUD. Director Reeves stated that the first parking spots to be used will be the convenient ones in the District's parking lot. Director Wheeler reviewed the history of development on the property. Ouellette stated that future development could provide storage below and apartments above, which would make parking an easy issue. Director Fast asked if the easement would be for loading and unloading only. Edwards asked if the open area on the First Place lot could be used for expanding meadow center parking. Director Wheeler asked if the District can even consider a permanent easement. If so, then are there any parameters the District must follow. Vice President Loble reported that Susan Swimley, District legal counsel, has said that if the District gives up value, the District has to get value. Edwards said if there is consideration to move ahead, then we need actual drawings of where the easement would be. Vice President Loble advised if we have parking issues now, there will be more issues if they put in apartments. President Cronin said they cannot build wall to wall without putting in parking. Director Wheeler asked how parking is going to be enforced. Shea stated that the easement itself is not creating a parking problem, the parking problem already exists. Director Wheeler asked if the parking problem can be resolved and tied into the easement request. Ouellette feels that they can police parking so it is a non-issue. President Cronin does not want to invite a problem onto the District with increased demand for parking. Director Reeves commented that people using the First Place building are not going to read an agreement on what is allowed for parking. Vice President Loble advised that a problem will be created if the District agrees to an easement that leads people to its parking lot. President Cronin suggested that if the front of the First Place building was from the Meadow Center, not facing the District's parking lot, then the District could possibly look at an easement for delivery and pedestrians. President Cronin said he is willing to continue to look at the easement request, but that he has concerns. Ouellette warned the board that the District will have a real problem if they build without an easement.

*Directors Wheeler and Reeves asked that Shea and Oullette put together a comprehensive summary anticipating future challenges. They need to understand and address parking issues, snow removal, enforcement, etc. and come back to the board with a proposal. Director Wheeler noted that enforcement already needs attention. Director Wheeler would also like the request for two lanes be defined. Oullette agreed that they need to research the issues and present a proposal to the District.*

### **SPOTTED ELK & GLACIER CONDOS SEWER REPLACEMENT PROJECT**

Edwards reported that the Glacier section of the project is seeded. The Spotted Elk section will be sodded in the spring.

### **DEVELOPMENTS & SUBDIVISIONS**

South Fork III, Lots 2-5, Rezoning: Edwards reported Allied Engineering requested a capacity letter for a submittal to Gallatin County for rezoning an area from community commercial to RMF 6500. This proposal is consistent with South Fork's current development not to exceed 6.7 units per acre. According to the engineer's plans, rezoning would create 30-35 single family lots. With Edwards's analysis, using 33 single family lots, the build out density would use approximately 60 SFEs as compared to a commercial development using over 80 SFEs. Edwards supported the rezoning. Speaking as the developer, President Cronin reiterated that their plat for rezoning is consistent with the existing South Fork development. With the community working on affordable housing, rezoning this property would provide more affordable single family building lots. Cronin's goals are to keep the development plans simple and to get rezoning approved quickly. Cronin stated that he is resisting the pressure to go with multi-family units and does not intend to build condominiums, or duplexes.

Town Center Huntley 2<sup>nd</sup> Addition: TD&H requested a capacity letter for submittal of a final plat approval for the area in the east end of the Town Center, near the new grocery store and the hospital sites. All lots are proposed for commercial development, including a car wash for Lot 5, Block 3. Edwards stated that the capacity letter is routine, but that the District issues permits on a first come, first served basis when it comes to capacity.

Meadow Village Tract 5 Connection Permit: Al Malinowski is requesting an extension to pay the connection permit fees of \$40,819 for The 19<sup>th</sup> Condominiums that were due November 5, 2013. The development originally planned to install single service lines to the buildings. They are now getting state approval to install main line extensions. Edwards and board members supported main line extensions as the right thing to do. According to Edwards, the board can extend the deadline for paying the fees, or it can void the permit. President Cronin noted the District's 180-day rule when voiding a permit and that the rule is probably outdated.

*Director Wheeler moved to approve an extension of 180 days as requested by Tract 5 LLC. Director Reeves seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.*

### **SEWER & WATER PERMITS**

Edwards reported that no new permits were issued. Staff and board members reported that they have heard that next summer construction will be ramping up big time.

## GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

BSOA Pond Project: Edwards noted that there are a couple of new BSOA board members that are interested in bringing the pond restoration project back to life. Edwards will copy the WSD board on previous correspondence. Edwards said the District either needs to move the pond project ahead, or let BSOA know that they can use the reserved \$300,000 for other projects. Vice President Loble asked who would be giving the advice on water law. Edwards reported that Matt Williams has worked for the District on this project before, but Edwards is open to other suggestions. The District has used Mark Cunnane for the hydrologist. Edwards stated that the pond restoration project is a very complicated issue that involves DNRC. When an application is submitted for water use, you open yourself up to review of historical use. *Vice President Loble will provide Edwards with recommendations for water rights attorneys.*

Water Impact Fees: Muscat recommended that the District consider water impact fees. President Cronin noted that Edwards brought up the subject at the last meeting. The biggest component of this community is that the District provides water and sewer and it needs to protect both and to also plan for growth. Director Wheeler stated that this is a big topic in the community, but impact fees for sewer and water need to stand alone. President Cronin thinks the District needs to be looking at the impact of future development. Muscat wants the District to be proactive with regards to identifying potential land development and the future water infrastructure needs of the District. Muscat would like all development/developers to cost share in future infrastructure needs. Director Wheeler noted that to build in Big Sky the fees are about 1/3 more than building in Bozeman. Edwards feels that the District needs to consider impact fees as getting resort tax money for infrastructure will not be easy. Director Wheeler reported that the proposed water tank site on the mountain will have new owners in the next 90 days. Director Wheeler believes that 2015 will be a big year for development. According to Edwards, it will probably take a year to set water impact fees as the District will need to bring in a consultant. The process will start with an RFP, review the proposals, and then select a consultant. *Director Wheeler recommended a growth study.*

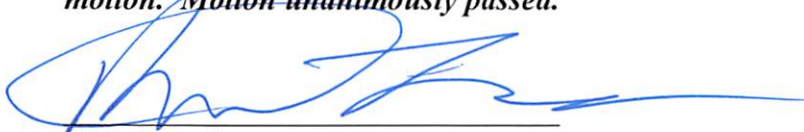
Public Relations: Director Fast reported that he has heard feedback on how high the taxes are in Big Sky. Director Fast asked if Edwards published an article in the paper on the mill levies. *Edwards has not, but will write an article incorporating information on both the levies and water impact fees.*

## NEXT MEETING

The next board meeting is tentatively scheduled for Tuesday, December 17, 2013, at 8:30 am. Director Shropshire will not be able to be in attendance, but will try to call in.

## ADJOURNMENT

*Director Fast moved to adjourn the meeting at 10:12 am. Director Reeves seconded the motion. Motion unanimously passed.*



Dick Fast, Secretary

**BIG SKY WATER & SEWER DISTRICT NO. 363**  
**Regular Meeting Minutes – December 17, 2013**  
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, December 17, 2013, in the WSD Community Room. Vice-President Les Loble called the meeting to order with the following board members present: Secretary Dick Fast and Directors Jeff Daniels, Tom Reeves, and Brian Wheeler. President Packy Cronin joined the meeting at 8:45 am. Director William Shropshire was not present. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Grant Burroughs and Peter Bedell. Others present were Dowl HKM Engineering representative Ray Armstrong, Spanish Peaks Resort representatives Jon Olsen and Bayard Dominich, BSOA representative Suzan Scott, Holmes & Turner auditors Vickie Tischendorf and Jodi Dunfee, and property owner Robert Shanks.

**PUBLIC FORUM**

Vice President Loble called for public comment. With no public comment, Vice President Loble called the meeting to order at 8:35 am.

**MEETING MINUTES**

*Director Wheeler moved to approve the minutes of November 19, 2015, as amended. Director Daniels seconded the motion. Motion passed, 5 yea votes to 0 no votes with Vice-President Loble voting.*

**FINANCIALS**

FY 2012-2013 Audit: Smith introduced Holmes & Turner auditors Vickie Tishendorf and Jodi Dunfee. Tischendorf reviewed the audit. She said that the audit is an unmodified opinion. No significant deficiencies were identified. (President Cronin arrived at 8:45 am.) Tishendorf considers receivables 100 percent collectable. Since the District changed its threshold of capital assets from \$5,000 to \$1,000, estimating water and sewer assets will be harder. Capital assets are items over \$1,000 if the life is longer than one-year. The board asked why the District changed its policy on assets from \$5,000 to \$1,000. Edwards reported that a lot of items less than \$5,000 have a life over one year. When asked for a threshold recommendation, Tishendorf stated that, as an auditor, she is not uncomfortable with using either \$1,000 or \$5,000 for identifying capital assets. Tishendorf said capital assets should be identified accurately and then adjusted every year. No adjusting journal entries were done. Tischendorf reported that the Search and Rescue land lease agreement, still an immaterial amount, has not been recorded in the financial statements. There was a deposit posting error that was corrected. A grant needed follow up paper work. Regarding management comments, there was nothing material that needed to be in the audit report. Vice President Loble stated his appreciation for Tischendorf summarizing the report rather than asking if there were any questions. Tischendorf informed the board that the report has been mailed to the Department of Administration. Edwards noted that the District has final copies of the audit report available for distribution if board members want a copy to review.

November Financials: Smith reviewed the budget vs actual expenses noting that only non-operating revenues are unfavorable. Once tax receipts are received, revenues will be on target (favorable). Smith projected that the District should remain on target going into the end of the calendar year. There were no unusual items to report. On January 2, 2014, a large cash payment



will be made for five SRF loans. There was no new information to report on the Farmhouse Partners loan repayment. Smith intends to invoice Dabney/Farmhouse Partners for the late fees on December 31, 2013.

***Vice President Loble moved to approve the November financials as presented. Director Reeves seconded the motion. Motion passed, 6 yea votes to 0 no votes with President Cronin voting.***

### **CAPACITY ANALYSIS**

Edwards provided a background on the need for a capacity analysis as there are 10 single family equivalents (SFEs) left for permitting. To determine capacity for releasing SFEs, Ray Armstrong, Dowl HKM Engineering, was hired to evaluate flows into the plant and what we pump to the golf course. Armstrong reported that the District does have enough capacity to release 100 SFEs. The plant was designed to handle .65 million gallons a day and the District is averaging about .3 million gallons a day. The plant was designed for "peak" flows at 1.3 million gallons a day with typical peak day flows being at .6 million, or .7 million, gallons per day. The original engineer's study estimated 91.5 gallons per day per SFE. The flows are now down to 70 gallons per day per SFE. That is over a 20 percent reduction from the original engineer's report when the plant was being designed. The flows to the treatment plant have decreased since the late 1990s. Edwards reported that the District has taken steps such as requiring low flow fixtures and metering to reduce flows. President Wheeler reported that some large projects, like the Summit Hotel, were weighted for transient occupancy and this affects the flow numbers per SFE. Armstrong reported that he is looking at additional data to determine why there is an imbalance between what is flowing into the plant and the larger irrigation flow number reported.

Armstrong has reviewed precipitation records from October 2012-October 2013 and believes this could account for some of the discrepancy with the irrigation flows. *Armstrong will research the discrepancies, and check the accuracy of the flow meters going into and out of the plant.*

Armstrong stated that the plant could be expanded in the future if ever needed. The filter system could also be replaced as the filters were designed to treat affluent from the lagoon, which was prior to the treatment plant being built. The filter system is about 15 years old and the life cycle is estimated to be about 40 years. Edwards stated that the technology has changed dramatically since the filter system was built. Edwards suggested considering a membrane system.

Burroughs would like the filter system replaced. Burroughs feels that there would not be any problems with shutting down the filters for a winter if the filter system was to be changed.

### **SPANISH PEAKS (SP) STORAGE POND & IRRIGATION**

Armstrong reported that he provided Jon Olsen a proposal. President Cronin stated that the District needs to analyze the potential wastewater storage and use at Spanish Peaks and to identify all consequences, pro and con. Armstrong will look at the impact to the pump stations and tie ins. Edwards noted that he and Jon Olsen meet monthly on the Spanish Peaks system. Spanish Peaks would like to eliminate its irrigation demands to its drinking water system. Olsen was asked to give an update for options on disposal. Olsen introduced Bayard Dominich, a Yellowstone Club (YC)/Spanish Peaks employee who is helping him with the project.



Olsen reported that the focus is to also connect the other two drinking water wells. Olsen described the location of the wells, noting that they are in the same aquifer. The wells are not high producing wells. The original permit authorized four wells and only two wells are on line. Regarding the ponds, SP would like to use the treated wastewater for irrigation. Olsen believes SP will meet the storage obligation stipulated in the YC agreement. Along with the YC pond, SP has a 16 million gallon pond and has identified a site for a 34 million gallon pond. A pump station will be needed to get to the pond locations. Olsen will get samples from the WSD's ponds and analyze them to determine what changes may be needed prior to using the water on SP's golf course. Edwards noted that YC has been changing the PH of the treated wastewater before using it on their golf course. The District has a commitment from YC for 50-60 million gallons of disposal. YC has been using 25 million gallons for disposal. Olsen reported that SP is able to proceed with the design and infrastructure and start construction this summer. Olsen would like the District to commit to supplying treated wastewater.

Edwards noted that the water rights on the Middle Fork of the Gallatin River are strictly for irrigation. If SP used treated wastewater, more Middle Fork water could be used for irrigation on the Big Sky Golf Course. Edwards noted that, for the past 10 years, our historic use has been less than available under the water rights. This may create a problem if the District is part of BSOA's pond restoration project. President Cronin thought the District could argue that it only took a break in use. Director Wheeler feels that the District is now in a position where we are reactive instead of proactive. Olsen reported that about 35 million gallons of water per year is used on the SP golf course. Edwards reported that the District has not had any issues to date with its water rights and no one has asked the District to shut down its use. However, the District has paid close attention to when water rights are called and not used water when our dates have been called. If DNRC takes water rights away, DNRC uses them for other appropriations. Secretary Fast suggested that the District make a commitment to SP on a defined percentage of treated wastewater if that is what is needed to get a storage pond built at SP. Edwards would like to keep the water rights intact. Edwards feels we need more flexibility for storage and use when it comes to the wettest years. President Cronin reported that the District has an agreement with YC that YC will provide 130 million gallons of storage. The District should press for compliance with that agreement. Edwards noted the critical need for snow making for future build out. *Olsen and Armstrong will work on the agreement.* Olsen reported that SP needs to do geotech work in the area and sample WSD treated water to make sure it works with the soil profiles on their course and then plan where to go from there. *Olson will provide comments to Edwards in January.*

#### **ORDINANCE 13-1001: RELEASE OF 100 SFEs (Third Reading)**

According to Director Wheeler, there will be a surge in building activity this coming summer. Edwards noted that the document reads 100 SFEs for release and asked if the ordinance should increase the SFEs from 100 to 200. The board discussed their ability to release additional SFEs when needed in the future.

***Director Reeves moved to approve the third and final reading of Ordinance 13-1001: Release of 100 SFEs as presented. Director Daniels seconded the motion. Motion passed, 6 yeas votes to 0 no votes with President Cronin voting.***

## **SEWER OPERATIONS**

Burroughs reported that flows are up a little, but that is to be expected with the ski area now open.

## **WATER OPERATIONS**

Secretary Fast asked if the District, or BSOA, can ask that the snow plowers keep the fire hydrants clear, not pushing snow up on them. Edwards feels it is ultimately the snow plower's responsibility. Suzan Scott said to contact the BSOA and they will contact the snow plowers to dig out the hydrants.

Muscat reported that two leaks have surfaced; one in Lone Moose and one in Sweetgrass Hills on Bobtail Horse Road. In Sweetgrass Hills, it is a service leak that will be fixed after the holidays. With the Lone Moose leak there is no way to isolate shut off. The work will have to be done in spring. The exact location of the leak must first be identified and then repaired. The Aspen Groves booster station froze. Nic Wellenstein handled the problem. Secretary Fast appreciated that Wellenstein also worked in the severe temperatures on the home freeze ups in Aspen Groves. The water/ice on Little Coyote Road is from a natural spring.

Meadow Wells 4 & 5 Chlorine Disinfection: Edwards noted that copies of the engineer's reports were in the packet. Different options have been discussed. Edwards feels that the state will agree to a seasonal disinfection requirement as the wells are proposed to be in use seasonally (in the summer). The report calculates the chlorination needs. DEQ still needs to approve the use of the wells. The wells feed the meadow distribution system. Homes on Little Coyote will be impacted the most by the chlorination. Edwards does not think that he would notice the chlorination himself, but some customers may. Edwards will make sure that homeowners have DEQ's phone number if there are any complaints as DEQ is requiring treatment. Edwards noted that some day we will have a dedicated line to the Sweetgrass Hills tank. The chlorine will then be mixed evenly into the water. President Cronin asked if the District would be better off trenching a direct line to the Sweetgrass Hills tank now. Edwards estimated that it would probably cost three-quarters of a million dollars for the line. The District is not financially able to do it now. Edwards reported that the submittal will be sent to DEQ after January 1, 2014. DEQ will need to determine what its disinfecting requirements will be. The District will then have to install a chlorination injection system. Edwards reported that the cost of disinfection equipment is reasonable. Having the new wells this summer will offload the demand from the mountain. The new wells cannot serve the Aspen Groves, Lone Moose, or Mountain systems. Edwards commented that the new wells will put the District in the best position it has been in years for supplying water to the meadow. Muscat feels that when the District chlorinates, that will be a real tangible effect of the increased demand of water. Muscat noted that yesterday the District received a letter from DEQ stating that there was elevated nitrate on meadow well 3. This has triggered quarterly monitoring. Muscat said at some point in the future, the District may be required to chlorinate all of its water sources.

Wells 4 & 5 As-Built Report: Edwards reported that the As-Built Construction Report of Meadow Village Well 4 and 5 prepared by Mark Cunnane, Western Groundwater Resources was in the board packet.

## **SPOTTED ELK & GLACIER CONDOS SEWER REPLACEMENT PROJECT**

Edwards reported the project is closed out with the final payment on the sewer replacement project. The District was only \$500 over with there being one change order.

### **FIRST PLACE EASEMENT REQUEST UPDATE**

Edwards reported that no decision is needed today. Chad Ouellette met with Edwards and reported that they will do more survey work. Ouellette also talked with Vice President Loble. Ouellette and Curly (Scott) Shea would like to come back to the board with more details. Director Reeves asked if their development plans are the District's issue. Vice President Loble believes that it is the District's issue as people will park in the WSD parking area. Director Wheeler feels that with the parking agreement already in place, their building plans triangulate with the District, Meadow Village PUD and the First Place. Vice President Loble feels it would be helpful to develop more parking, as parking will be an issue. Edwards stated that he would support increased parking. President Cronin feels that the District does have leverage as to their building plans as there is a sewer line on their property. Director Wheeler would like the District to be a part of a potential improved environment. President Cronin said the District will review what they come up with, but to keep in mind that the District does have a sewer line on the property.

### **SEWER & WATER PERMITS**

Edwards reported we still have 10 SFEs for permitting. No new sewer permits were issued.

### **BSOA POND RESTORATION**

Edwards reported that he talked to Suzan Scott regarding the pond restoration project. Edwards suggested considering conveying some of the WSD's water rights to BSOA for evaporation mitigation in BSOA's application to DNRC. If a portion of water rights were deeded to BSOA, then BSOA would be the applicant to DNRC. In Edwards's opinion, it would put the onus on BSOA. Edwards believes that the District has sufficient volume to convey part of its water right to BSOA. President Cronin stated the DNRC can review the historical use even if we transfer some of the District's water rights. Following up from the November meeting, Vice President Loble feels the best water rights attorneys include Holly Franz of Helena, and Michael Cuscik and Colleen Coyle of Bozeman. Franz has not returned calls. Vice President Loble suggested hiring Cuscik or Coyle to look at the District's water rights and BSOA's proposal. Edwards reported that on District wells 1-6, they are comingled without the use area including Andesite. *The District needs to clarify the place of use on these wells the next time it files.* Yellowstone Club's water use on well 7 was filed correctly. President Cronin stated that the District needs to take into consideration that the State will probably not be sympathetic to Big Sky in their decisions. Director Wheeler noted that there are other entities out there looking for the best water rights counsel and the District needs to secure counsel now. Edwards noted that, at the end of the day, the answer may be the same as provided by Matt Williams. Suzan Scott reported that BSOA cannot do pond restoration without using the WSD's water rights. Scott stated that the issue with historical use is always going to be there. President Cronin stated that without removing the silt, the pond will return to a stream channel. President Cronin feels that the District should focus on using the water rights to build storage ponds at Spanish Peaks and Yellowstone Club. Vice President Loble will talk to both Cuscik and Coyle about contracting with the District on water rights.

### **GENERAL CORRESPONDENCE**

There was no general correspondence requiring board action.

President Cronin noted that Susan Swimley was sent a letter on the easements requests. Edwards reported that he has not received a response from Swimley as she has been extremely busy. *Edwards will schedule a meeting with Swimley to follow up on getting a response to the letter.* Edwards reported that he is also working with John Romney on a minor easement change at his development in the Town Center. President Cronin said that the board needs to give Edwards the confidence to move forward with these easement issues that have been approved by the board.

### **ANNUAL DINNER**

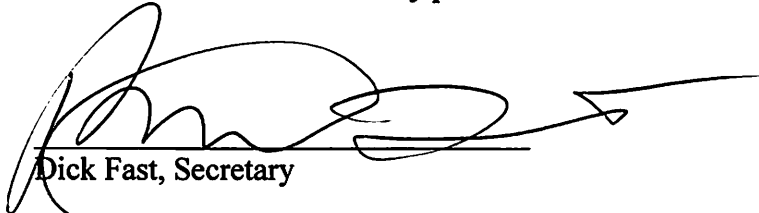
Edwards reported that the annual dinner will be on January 11 at The Cabin. No time has been set as yet.

### **NEXT MEETING**

The next Board meeting is tentatively scheduled for Tuesday, January 21, 2013, at 8:30 am.

### **ADJOURNMENT**

*Director Fast moved to adjourn the meeting at 10:20 am. Director Daniels seconded the motion. Motion unanimously passed.*



Dick Fast, Secretary

12-17-13. min (Board Approved 1/21/14)