

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – January 20, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, January 20, 2015, 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, Tom Reeves, and Brian Wheeler. Director William Shropshire participated via conference call until 10:18 am. WSD staff present was Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs. Others present were Spanish Peaks representative Jon Olsen, Yellowstone Club representative Mike DuCuennois, DOWL HKM Engineering representative Ray Armstrong, The Pines Condominiums developer Skip Radick, Big Sky Community Corporation (BSCC) representative Steve Johnson and Tract A-1 representatives Scott Altman and Phil Kedrowski from Red Leaf Engineering.

PUBLIC FORUM

President Cronin called for public comment at 8:35 am. Skip Radick asked the board to consider approving an increase from 184 to 198 units for full build out for the Hidden Village/The Pines development. Radick said that Gallatin County had originally approved 198 units when the subdivision was first approved in 1980. Edwards reported that in 1982, the RID305 Board reduced the total to 195 units citing a limit to the total number of bedrooms that could be built. In 1996, the District Board reduced the total number of units to 184. Edwards sent a letter to Radick in 2001 confirming 184 total units for build-out. Radick stated that he bought the property under the assumption it had 198 units. Radick asked the board to amend the District's commitment to the 198 units as originally approved by Gallatin County. President Cronin informed Radick that the topic was on the agenda. Radick asked the issue to be moved up on the agenda.

With no further public comment, President Cronin called the meeting to order at 8:38 am.

MEETING MINUTES

Director Shropshire moved to approve the minutes of November 18, 2014, as amended and the minutes of December 16, 2014, as written. Director Wheeler seconded the motion. Motion unanimously passed.

FINANCIALS

Smith reported that the District's operating expenses are slightly over budget at 105.3 %. The \$29,000 net operating loss is typical at six months into the fiscal year. Once the engineering costs for the golf course nutrient plant are capitalized, the budget will be on target. The 1st quarter revenue increase is due to increased occupancy during ski season.

Director Reeves moved to approve the December financials as presented. Vice President Loble seconded the motion. Motion passed unanimously passed.

SEWER OPERATIONS

Grant Burroughs gave his report. The December flows were a record 11.35 million gallons. Director Wheeler noted that December 31 and New Year's Day set record skier counts. The board discussed odor problems in the Meadow. Burroughs has been adjusting the basin blower air which can cause odors. Ray Armstrong from DOWL HKM Engineering will be at the treatment plant this week to help get the new lab equipment set up.

WATER OPERATIONS

Jim Muscat gave his report. A leak found in a section of asbestos concrete pipe in the Meadow Village was fixed over Christmas. Muscat also reported that the telemetry control for the future ultra violet disinfection system is being installed this week.

AMEND AGENDA

Director Fast moved to amend the agenda to address Hidden Village/The Pines development. Vice President Loble seconded the motion. Motion unanimously passed.

PROPOSED DEVELOPMENTS & SUBDIVISIONS

Hidden Village/The Pines: Edwards reviewed the history of the SFE allocation for the Hidden Village/The Pines development which is in the board packet. A 1996 letter from the District documented the board's decision to reduce the total to 184 units. Radick is requesting approval to build out to which was 198 units as originally approved by the Gallatin County in 1980. Edwards does not know why the RID305 board limited the total number of bedrooms at full build-out. He reported that the development currently has 179 units in it. In 1996, Carlisle Neithold, Hidden Village Inc., was notified by the District that the total number of units was 184. And then in 2001 the District notified Skip Radick that the development had 184 units. It is problematic for the board to change that number.

President Cronin asked what zoning would allow. Director Wheeler asked if 12 units per acre would be approved considering the topography of the development. Radick did not think that he could build 195 units due to the land's topography. Radick also believes that the District's new permitting guidelines should allow for more build-out. The board requested more information about his request. *Radick needs to present a site plan showing what he wants to build. Director Wheeler also wants to know what the average SFEs are for Hidden Village units.* Director Shropshire noted a letter from the packet that described Hidden Village as including the acreage that is in Pinewood Hills. Radick disagreed and said the original Hidden Village acreage only included The Pines development and not Pinewood Hills. *Radick will come back to a future meeting to present a site plan, and clarify the history of the total development area of Hidden Village.*

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

Edwards reported that the court approved the District's request to reduce the number of mail notifications from 619 to 33 water users. Director Reeves asked if the District could still withdraw its application. Edwards will verify this with Mike Cusick before the notices are mailed out.

AMEND AGENDA

Director Wheeler moved to amend the agenda to address Tract A1. Secretary Fasted seconded the motion. Motion unanimously passed.

TRACT A-1 SEWER & WATER PIPELINE EASEMENT

Edwards described the pipeline route options that Scott Altman is proposing for the Tract A-1 development below the storage ponds. One route is to the north crossing District and BSCC land. This route requires easements from both entities. The other route is to the south to highway 64 and then west. The shortest and most cost effective route is to the north.

Altman's development will include three mixed-use buildings that include commercial units and 40 employee housing units. Part of the pipe work will involve open cuts and a 180 foot boring to cross under the Middle Fork. Steve Johnson, from the BSCC asked if there are any environmental risks with a lift station and sewer line under the river. Altman said they would install an alarm system and design it with a large storage volume. Johnson cautioned that alarms only function if they have power and asked what happens during a power outage. Edwards reported that the District has two other pipeline crossing under the river, and that DEQ will have to approve the plans.

Edwards discussed the easement needed from the District for the north route. The board discussed the value of the easement and asked Altman if he had any compensation to propose. Altman proposed that the value of the easement is equal to the value of the main extensions and the expansion of the customer base. Edwards confirmed that the developers' sewer and water infrastructure (except for the lift station and force main) will eventually be transferred to the District. The board discussed having an easement drafted.

Director Wheeler moved to have Altman draft an agreement and Edwards draft an easement. The agreement is to address the issues on compensation presented at the meeting today. Vice President Loble seconded the motion. President Cronin called for discussion. The board will review the draft documents to ensure that they are consistent to what was discussed. Motion unanimously passed.

SPANISH PEAKS RESORT DEVELOPMENT

Edwards reported that Spanish Peaks (SP) has four subdivision applications that they want capacity letters from the District. Olson briefly described SPs development plans for each application: Phase 8A is a 69 lot subdivision with community water and sewer; Phase 6B for 5 lots with community sewer and individual wells; Phase 2 for the expanded Lodge site which is planned for 51 condos and 100 overnight rooms; and Phase 7 which reduces the number of condos to 40. President Cronin noted that capacity letters from the District are routine letters that acknowledge that the property is in the District and that there is capacity today. It is not a guarantee that there will be capacity 20 years from now. Edwards said that he will only comment on wastewater capacity since the District does not own the water system. (*Director Shropshire left the meeting at 10:18 am.*)

Olson updated the board on his work on a SP treated effluent pond. They are waiting for geotech reports. Based on the geotech they have so far the pond plan has been scaled down from 34 million gallons to around 10 million gallons. The board discussed the volume of water that can be committed by the District since the Meadow Village golf course has priority. Olson said SP needs to further evaluate its storage capacity before a commitment of volume can be made. Olson reported that SP hopes to build a pond this summer to have it ready for the 2016 irrigation season.

He reported that they are investigating what they need to do to own and operate the water system. President Cronin reminded him of the May 1 deadline. Olson believes that they will have an answer for the next meeting.

WASTEWATER FACILITIES PLAN PROJECT UPDATE

Ray Armstrong reported that he is working with Grant Burroughs to calibrate the computer model to optimize the nitrogen removal in the SBR plant. Armstrong did a power point presentation which included: review of flows, computer model of SBR, collection system review, storage and disposal alternatives, and golf course irrigation system mapping and upgrades.

Director Reeves asked Armstrong about the discrepancies in the flow and irrigation numbers. Armstrong will be going back 3-4 years to look at this discrepancy. Burroughs reported that after reviewing the flows and accounting for discrepancies, everything except 20 million gallons can be accounted for. Armstrong is about 65% finished with the Wastewater Facilities Plan. He anticipates a final report by the end of February. He will give the District a draft report and then have a final report for the March meeting.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

Edwards reported that the District received a comment letter from DEQ, and that he is working with Morrison & Maierle on a response. Once the District responds, DEQ will have another 60 days to review.

GOLF COURSE IRRIGATION AGREEMENT

Edwards reviewed key provisions of the 1997 Meadow Village golf course irrigation agreement as follows: 99 year term; District owns and maintains the booster station and irrigation mainlines, and pays for power at the treatment plant; Boyne owns the laterals and computer controls, and pays for power at the south booster; winterizing and startup are the District's responsibility, but Boyne does assist with this; and the cost for irrigation water is not specified.

The board then discussed the YC agreement which allows the District to ultimately pump 130 million gallons of treated wastewater to YC. The pond proposed at Spanish Peaks will help solve part of this YC storage commitment. The YC agreement allows 1,000 SFEs of development in SP. Regarding SP capacity letters, President Cronin asked where the District draws the line if YC has not fulfilled its obligation for storage and disposal per the agreement. Edwards said SP is asking for approximately 200 SFEs in their proposed developments.

SEWER & WATER PERMITS

Edwards reported that John Romney is doing another multi-use building in the Town Center. The board will probably need to release additional SFEs this year.

BOARD ELECTION

Edwards reported that board positions held by Fast, Cronin, and Loble are up for re-election in November of 2015. He also said that there has been interest from the community in the election. To be on the ballot, applicants must file by the deadline in August. *The February agenda will include the Board Officers Election.*

STRATEGIC PLANNING

Edwards distributed a summary of tasks from the Strategic Planning session that still need to be done; the capital improvements plan (CIP), water impact fee analysis, review existing agreements. Director Reeves feels that the board should work on one agreement at each meeting. *The Yellowstone Agreement will be on the next meeting's agenda. Edwards will also*

put the agreements on the District's website. Vice President Loble noted that some of tasks have not been done and that we have not moved forward on them.

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, February 17, 2015, at 8:30 am. Director Fast is not available in February.

ADJOURNMENT

Director Reeves moved to adjourn the meeting at 12:05pm. Secretary Fast seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

1-20-15. min (Board Approved 3/17/15)

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – February 17, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, February 17, 2015, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Les Loble and Directors Jeff Daniels, Tom Reeves, Brian Wheeler and William Shropshire. Secretary Dick Fast was not present. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, and Grant Burroughs. Others present were Spanish Peaks representative Jon Olson, Tract A-1 legal counsel Kristen Brown, Big Sky Community Corporation representative Steve Johnson, Big Sky Owner's Association representative Susan Smith, and District property owner Robert Shanks.

PUBLIC FORUM

President Cronin called for public comment at 8:32 am. Jon Olson reported that, after weighing all options, Spanish Peaks (SP) has made the decision to start maintaining its own water system. *Edwards will ask Jon Olson for a letter for closure commemorating SP's decision.* With no further public comment, President Cronin called the meeting to order at 8:37 am.

MEETING MINUTES

The proposed edits of the draft January 20, 2015, minutes were reviewed. The board discussed the objective of minutes. There was consensus that minutes should reflect board decisions with a brief summary of presentations and discussions. *Edwards will contact a sound consultant and obtain cost estimates for both audio recording and video conferencing systems. The board agreed that an application for resort tax funds for a recording system should be submitted.*

Vice President Loble moved to have the January minutes prepared in a short form and returned to the board at the next meeting. Director Reeves seconded the motion. Motion unanimously passed.

FINANCIALS

Smith reviewed the January financials. There will be a neutral effect to the District's budget in not managing SP's water system. The District will continue to issue sewer permits for property in Spanish Peaks as the District owns the sewer system.

Director Reeves moved to approve the January financials as presented. Director Daniels seconded the motion. Motion passed unanimously passed

SEWER OPERATIONS

Burroughs presented his sewer operations report. From a community impact perspective, board members discussed the odor coming from the treatment plant. *President Cronin requested that Burroughs prepare a plan on how the District can best control the odors from the treatment plant.*

WATER OPERATIONS

Muscat's production report was in the packet. *Edwards will be able to provide the amount of water being saved through leak detection and repair by comparing full production totals after 2008.*

BOARD ELECTION

President Cronin stated that he and Secretary Dick Fast are willing to continue serving as officers. Vice President Loble stated that he would like to serve as president.

Director Shropshire moved to re-elect the same current slate of officers. Vice President Loble seconded the motion. President Cronin called for discussion. The board seats held by officers Cronin, Loble, and Fast are up for re-election this November. President Cronin reported that he intends to rerun for his board position. It was unknown if Secretary Fast intends to rerun. After the November election, the board will again elect officers. Motion passed, 4 yea votes cast by Shropshire, Wheeler, Daniels, and Cronin to 2 no votes cast by Reeves and Loble.

TRACT A-1

Edwards distributed a proposed exhibit that goes along with the draft easement prepared by Susan Swimley and Edwards.

Vice President Loble moved to approve the easement to Tract A-1. Director Reeves seconded the motion. President Cronin called for discussion. Edwards noted that compensation still needs to be addressed. Edwards stated that the District's easement will not be recorded unless BSCC provides a utility easement through the park. Vice President Loble amended his motion to approve both the easement and agreement. Director Shropshire seconded the motion. Motion unanimously passed.

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

Edwards reported that the public notice required by the water court has been published. Thus far, Mike Cusick is not aware of any objections. Clarity of the published draft was questioned.

WASTEWATER FACILITIES PLAN PROJECT UPDATE

Edwards reported that Armstrong will have his draft report prepared a couple of weeks prior to the March meeting.

GOLF COURSE IRRIGATION

Edwards commented on the correspondence in the packet between engineers and Boyne. Engineer Carl Thueson has gone on record that Boyne needs to upgrade its computer controls installed in 1996. The District and Boyne will continue to work together to meet the needs of both entities.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

Edwards reported that Eric Blanksma will submit his comments on the UV disinfection system plan to the Montana Department of Environmental Quality (DEQ) this week. *Edwards will invite Blanksma to the next board meeting.*

SOURCE WATER CAPACITY STUDY UPDATE

Edwards reported that Mark Cunnane will start the source water capacity study in two weeks.

DEVELOPMENTS & SUBDIVISIONS

Hidden Village/The Pines: Skip Radick will present The Pines development capacity request to the board after he has completed build-out plans for the site.

Tract A-1. Edwards will write a response letter to Redleaf Consulting's engineering submittal. The lift station for the sewer system will be located on the owner's land. Only pipes will be located on Big Sky Community Corporation's (BSCC) property. Tract A-1 HOA, or the developer, will own and be responsible for its sewer force main and lift station. The water line will be owned by the District. *Edwards will give the BSCC a copy of the easement and exhibit.*

COS 2459 Zoning Amendment: Steve Johnson reported that the rezoning request was approved for this 4-acre parcel that is located across the highway from the sewer ponds and adjacent to American Bank. The parcel will be rezoned community commercial. Public sewer and water is not available to this parcel as it is outside of the District's boundary.

Montana Club Subdivision: Edwards reported that Phase I of this Cascade Subdivision development will be to develop the multi-family lot with 10 detached condominium units. *Director Wheeler asked Edwards to confirm that a booster station is not needed for Phase I.* Director Wheeler would like the District's future infrastructure needs discussed and prioritized.

WESTFORK MEADOWS SEWER DEDICATION AGREEMENT

The board reviewed the 1982 Sewer Dedication Agreement between Westfork Properties and RID 305. *Edwards will present District agreements at each meeting for board review.*

DISTRICT MINUTES - OPTIONS

This item was addressed earlier in the meeting. There was no further discussion.

SEWER & WATER PERMITS

Edwards reported that the District has 65 SFEs remaining for permitting. *Edwards will draft an ordinance to release at least 100 SFEs for permitting.*

The development capacity of Spanish Peaks was discussed. Edwards reported that, to date, approximately 220 SFEs have been permitted at SP. SP's intended full build out is anticipated at 1,800 SFEs. This number is over the amount of SFEs they have available.

GENERAL CORRESPONDENCE

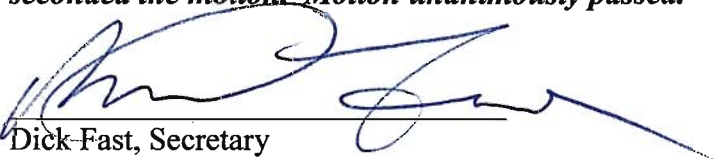
There was no general correspondence requiring board action. Edwards noted that the snowpack report numbers are interesting.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, March 17, 2015, at 8:30 am. *A draft agenda for future meetings is to be sent a week in advance of the meeting. Water impact fees and the 2014 Strategic Planning Initiatives will be on future agendas.* Edwards will prepare two RFPs prior to the next meeting. Board approval is required prior to awarding contracts.

ADJOURNMENT

Director Shropshire moved to adjourn the meeting at 10:44 am. Vice President Loble seconded the motion. Motion unanimously passed.


Dick-Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – March 17, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, March 17, 2015, in the WSD Community Room. Vice President Les Loble called the meeting to order with the following directors present: Jeff Daniels, Brian Wheeler and William Shropshire. Board members not present: President Packy Cronin, Secretary Dick Fast, and Director Tom Reeves. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: DOWL HKM engineer Ray Armstrong, Gallatin County Solid Waste Management District Manager Jim Simons, Forsgren Associates engineers Husk Crowther and David Noel, Big Sky Resort representative Alex Duff, Blue Water Task Force representative Andrea Saari, Explore Big Sky reporter Mavin Wyllie, Lone Mountain Land Company representatives Kevin Germain and Jon Olsen, Big Sky Owners Association representative Susan Scott, Yellowstone Club representative Mike DuCuennois, Big Sky Community Corporation Executive Director Jessie Wiese, and District property owners Robert Shanks and Peter Manka.

PUBLIC FORUM

With no public comment, Vice President Loble called the meeting to order at 8:32 am.

MEETING MINUTES

Director Shropshire moved to approve the minutes of January 20, and February 17, 2015, as written. Director Wheeler seconded the motion. Motion unanimously passed.

FINANCIALS

Director Wheeler moved to approve the February financials as presented. Director Shropshire seconded the motion. Motion unanimously passed.

SEWER OPERATIONS

The sources of odor at the treatment plant and potential control solutions were outlined in Burroughs report. *Burroughs was directed to order and install a manhole control unit in the siphon outlet.* Due to early infiltration and inflow (I & I), the ponds are fuller now than this time last year. As of March 16th, 6.9 million gallons of treated wastewater has been pumped to YC.

WATER OPERATIONS

There were no questions on Muscat's written report.

Director Shropshire moved to approve both the water and sewer operations reports. Director Daniels seconded the motion. Motion unanimously passed.

RECYCLING CENTER LOCATION

Town Center is requesting that recycling bins be removed for their development. Jim Simon, Gallatin County Solid Waste District manager, reported that Gallatin County would like to keep a recycling site at Big Sky if a suitable site can be found. The county does not want to purchase any property. An 80 x 80 site is needed for recycling.

The manager's report described a potential 1.4-acre site north of the District's pump house on Sweetgrass Hills Tract A-1 below the storage ponds. Edwards reported that the owner of this tract is interested in deeding the 1.4 acre parcel area to the District if they are permitted to build the tract out. The additional SFEs that would be needed were not specified at this time. Simon discussed the logistics of the site, and distributed a drawing of the proposed placement of the recycling bins, and reviewed the pros and cons of a compactor. Edwards said that the site would need fencing to eliminate debris from scattering. Limited hours of operations would also be needed to avoid Lone Mountain Trail traffic during peak hours. Simon stated that other site agreements in the county provide for a 21-day notice for removal. A resort tax application for potentially \$250,000 for site improvements for a recycle center might be an option. Edwards said the other sites explored are not as viable, but this 1.4-acre site has merit.

Jessie Wiese spoke about the possibility of curbside recycling through Republic Services. This service would cost about \$15-\$20 per month per customer. Edwards and Simons will keep working on this option.

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

Edwards reported on the water rights group meeting held in Manhattan that he and Mike Cusick attended. Edwards will find out how much it costs to join this water rights group. The deadline for filing objections is March 30th. As of last Friday, there had been no objections filed.

WASTEWATER FACILITIES PLAN PROJECT UPDATE

Ray Armstrong, DOWL HKM Engineering, gave a power point presentation on the progress of the wastewater facilities plan update. *Edwards will add Armstrong's power point presentation to the District's website.* The final draft will be presented at the April board meeting. Full build-out flow is projected at 313.8 million gallons after adding the Spanish Peaks and Lone Moose Meadows commitments. Flows are currently 100-115 million gallons a year. Winter disposal options discussed were engineered drain fields, aquifer injection, surface water discharge, and indirect potable reuse. Snowmaking was not included, but could be considered. Armstrong reviewed a preliminary map that shows land areas suitable for a 20-acre drain field capable of discharging 100,000 gallons a day. Plant upgrade alternatives were discussed. Armstrong is exploring nitrate reduction by adding a third basin at the treatment plant. He noted that the restrictive nutrient criteria are only applicable July 1st to December 30th. Armstrong will get costs for upgrading the headworks facility with odor control equipment.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

The board packet included Eric Blanksma's February 16, 2015, response letter to DEQ. If DEQ approves the system by April 10, UV start up is projected for November 2015. The project will require Big Sky Owners Association architectural review and approval of the building expansion.

SOURCE WATER CAPACITY STUDY UPDATE

Edwards reported that Mark Cunnane from Western Groundwater Resources has begun work on the Water Capacity Plan. Cunnane will present his draft report at the April board meeting.

REQUEST FOR QUALIFICATIONS (RFQs)

Edwards advertised RFQs in the Bozeman Chronicle for a 5-Year Capital Improvements Plan and an Impact Fee Study. The RFQs will be advertised through April 8th.

Edwards asked for a committee to review the RFQs. Directors Reeves, Wheeler, and Shropshire will be on the committee. Director Reeves will serve as the chair. Edwards will put the RFQs on the District's website for the committee.

2015-2016 RESORT TAX APPLICATIONS

The board supported Edwards's two proposed resort tax applications: 1) A fixed-base water meter radio read system estimated at \$150,000 plus \$120,000 for replacing older style remote phone and radio units; and 2) Audio-video equipment estimated at \$10,000 for use in the District's community meeting room. The 2015-2016 resort tax applications are due April 6th. The Q&A meeting is May 13th and the appropriations meeting is June 10th.

Director Shropshire moved to approve the submittal of the two resort tax applications as discussed. Director Wheeler seconded the motion. Motion unanimously passed.

DEVELOPMENTS & SUBDIVISIONS

Edwards reported that water and sewer extensions are being reviewed for Mountain Lakes Condominiums, Sweetgrass Hills Tract A-1, and Spanish Peaks Resort (SPR). Capacity letters for SPR Phases 7 and 8A are in the packet. SPR Phase 5 for a single lot for 17 multi-family structures with a total of 40 units is being reviewed. The District will not comment on water capacity as the system is owned by Spanish Peaks.

DISTRICT AGREEMENTS

Edwards reviewed the 2001 Yellowstone Club Agreement. In exchange for allowing the District to construct a pipeline and pump treated effluent to YC's storage pond for disposal on its golf course, the District agreed to allocate wastewater capacity 900 SFEs for Lone Moose and 1000 SFEs for Spanish Peaks. The agreement required YC to drill a new well to replace the water sold to YC with specific limits on how much water they can pump. YC's water use is being monitored with a new meter recently installed. Muscat reported that YC is at the capacity threshold of the amount of water specified in the agreement, and that the production level of well 7 is not sustaining the required 150 gallons per minute. Edwards reported that Spanish Peaks Phase 8A is outside of the agreement service area. Duccanios said the original agreement is flawed in that there is no way for YC to meet the required disposal to its golf course at that elevation. According to DuCuennois, YC and SP have accepted the agreement as a commitment. He recommended that the District and YC collectively work on a new agreement instead of trying to amend the original agreement. DuCuennois does not know what part Dolan/Lone Moose LLC will play in a new agreement. *Edwards said that costs and security funds in the YC agreement will be discussed at the next board meeting.*

SEWER & WATER PERMITS

Edwards reported the District has 65 SFEs remaining. Edwards will prepare a release for additional SFEs after Ray Armstrong's capacity report is complete.

GENERAL CORRESPONDENCE


Edwards reported that the Gallatin Range snowpack is at 97%.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, April 14, 2015, at 8:30 am. Director Shropshire will be available via conference call.

ADJOURNMENT

Director Shropshire moved to adjourn the meeting at 10:42 am. Director Daniels seconded the motion. Motion unanimously passed.

A handwritten signature in blue ink, appearing to read "Dick Fast", is written over a horizontal line.

Dick Fast, Secretary

3-17-15. min (Board Approved 4/14/15)

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – April 14, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, April 14, 2015, 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, Tom Reeves, and Brian Wheeler. Director William Shropshire participated via conference call until 10:50 am. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Peter Bedell and Grant Burroughs.

Others present: District property owner Ken Birgfeld, Morrison-Mairele engineer Eric Blanksma, Blue Water Task Force representatives Kristen Gardner and Andrea Saari, Big Sky Community Corporation representative Emily O'Connor, Western Groundwater Resources engineer Mark Cunnane, BSOA representative Susan Scott, and Lone Mountain Land Company representatives Jon Olsen and Kevin Germain. Water rights legal counsel Mike Cusick participated in the discussion on the BSOA pond restoration and water rights project.

PUBLIC FORUM

President Cronin called for public comment at 8:36 am. Ken Birgfeld provided photographs showing non-functional irrigation pipes throughout the horse pasture area. Birgfeld reported that, about a year ago, he called the WSD office about the situation and is again asking that the 26-30 nonfunctional pipes be removed. President Cronin assured Birgfeld that District staff will clean up the nonfunctional pipes in the pasture this spring.

With no further public comment, President Cronin called the meeting to order at 8:40 am.

MEETING MINUTES

There were no corrections to the March 17, 2015, meeting minutes.

SEWER OPERATIONS

Burroughs and Bedell are performing infiltration and inflow (I&I) leak detection through videotaping and checking manholes. As a follow up to a request at the March meeting, odor control equipment has been ordered. Burroughs will make sure that the non-functioning irrigation pipes in the horse pasture area are removed. YC has asked the District to not pump treated wastewater to the YC pond until its leak is fixed. Bedell has informed YC that the District will only exercise the pumps monthly unless it is necessary to pump wastewater.

WATER OPERATIONS

Muscat prepared a list of his recommended improvements to the District's water system for the water system capital improvements plan (CIP) project. The operations of the Spanish Peaks (SP) water system will be transferred to SP on May 1, 2015. SP has hired a water operator. Due to repairs, the meadow and mountain productions are down about two million gallons.

Director Reeves moved to approve the consent agenda. Director Loble seconded the motion. Motion unanimously passed.

FINANCIALS

Smith distributed the financial reports noting that all items are on target as budgeted.

Director Reeves moved to approve the March financials as presented. Director Fast seconded the motion. Motion passed unanimously passed

SP Water Operations Transfer: The board reviewed the letter that SP will send to its owners and the letter that the District will send with its 1st quarter statement to SP owners. The District will continue to sell water meters to SP through connection permits. The District and SP will share meter read information. SP will bill for water use and the District will bill for sewer use.

Audit Service Proposals: The three bids received were from the qualified firms of Holmes and Turner, Amatics, and JCCS. Smith recommended going with JCCS as the low bidder at \$24,600. The District does not have to go with the lowest bidder as an audit is considered a professional service. There was a difference of almost \$5,000 in the bids from JCCS and Holmes and Turner. The board discussed the advantages of retaining Holmes and Turner, the firm that has audited the District for nine years. The board also discussed the benefits of contracting with a new auditing firm. A new firm would not have any preconceptions and would bring a new perspective in reviewing the District's financial records. It was also noted that many firms have a policy that periodically requires a new auditor.

Director Reeves moved to approve the new auditor as JCCS, with the lowest bid at \$24,600 for three fiscal years. Director Loble seconded the motion. Motion passed unanimously passed.

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

Mike Cusick provided an update on the schedule. The water court could take 30-60 days to rule on the motion for properly describing the District's water rights. With no objections filed, the motion should be approved. Changing the point of diversion from an on-stream pond to an off-stream pond will require a permit from DNRC. The DNRC application will require public notice. Edwards noted that the water right will not be split and given to BSOA. Director Reeves wants to make sure that the board is representing the District's owners. The issue of compensation from BSOA needs to be addressed. Any expenses beyond correcting the water rights, including a DNRC application, should not be an expense to the District. Additionally, water cannot be given away. Even though the BSOA and WSD are cooperatively working together to solve a community problem of the BSOA owned pond filling with silt, a conditional letter of agreement with BSOA is needed. If anything with this project will negatively impact the District's interests, the District needs to be able to pull out of the project. Susan Scott said that she understands the District's position. Pond restoration can begin once DNRC issues a permit. At the direction of the board, Edwards and Cusick are to prepare the conditional letter of agreement with BSOA.

WASTEWATER FACILITIES PLAN PROJECT UPDATE

Edwards will send Ray Armstrong's final draft of the Wastewater Facilities Plan to board members at the end of the week. Armstrong will be invited to the next board meeting.

SOURCE WATER CAPACITY STUDY UPDATE

Mark Cunnane presented his findings on the District's Source Water Capacity Study. Using growth rates from 2012-2014, Cunnane projected a water supply deficit in 2022 for the mountain and 2023 for the meadow. Cunnane's recommendations included flow metering and water level sensing on all wells, reducing leakage, implementing water conservation, addressing the sulfide issue on mountain well 6, transferring water rights, rehabilitation of wells, and drilling new wells. Cost estimates for improvements were provided. Cunnane also recommended that the District have future water source sites identified as limitations are created as more property is

built out. Cunnane reviewed the District's water rights, how to best use these rights, and recommended places of use be updated. Cunnane advised the District to get a legal opinion on the validity of the rights on mountain wells 1, 2, and 3. Edwards will work with Mike Cusick to review these water rights. Vice President Loble asked that Cusick's review be broader based on Cunnane's assumptions. Cunnane will send the draft report to Edwards on Wednesday. The board will work off of Cunnane's study and the CIP to develop action steps.

UV DISINFECTION PROJECT

Eric Blanksma provided a brief report on the UV project. Blanksma has responded to the Department of Environmental Quality's (DEQ) comments. With this being the first 4-log UV disinfection system in the state, the DEQ approval process is taking longer than anticipated. DEQ is doing its due diligence in reviewing the application for validation. (Director Shropshire left at 10:50 am). When water demand is not an issue in the winter, the water from the new wells is not needed. The District has requested a deviation from DEQ for a bypass of the UV system for Wells 1-3 during that time. DEQ can take up to 60 days to review the deviation request. After DEQ approval is received, the bid will be advertised and the UV equipment will be ordered. The District is working with an architect on the building that will need Big Sky Architectural Committee approval. Blanksma will update his timeline schedule.

YELLOWSTONE CLUB (YC) AGREEMENT

The board continued its review of the YC agreement. Edwards reported that the segregated permitting funds for YC and SP total about \$742,000. The agreement called for release of these funds, but this was never set up. Smith reported that the District gave up \$6.6 million in plant investment fees for the 1,900 SFEs allocated in the agreement. YC currently has an 80 million gallon pond built. According to Jon Olsen, YC hopes to have a 30 million gallon pond built at SP this summer and online next summer. YC has not been able to meet the annual 160 million gallons of wastewater disposal commitment. As storage demands increase, YC's storage and disposal non-performance will become a problem. Olsen stated that the agreement has language that assures performance. Once YC has met a percentage of the performance, YC will request release of the permitting funds. Edwards asked at what point of performance does the District release funds. Olsen commented that YC and SP are 100% responsible for the agreement while Lone Moose has 45% of the benefits. YC feels that the agreement needs to be renegotiated and they are working on their build out number. The board wants to know who it will be renegotiating with. The board asked Olsen to share the legal opinion YC is obtaining on Dolan's (Lone Moose) responsibility. If the YC/SP obligation is reduced, the commitment for SFEs and potable water should also be reduced. President Cronin expressed concern about the District writing capacity approval letters (i.e. Spanish Peaks) if YC cannot meet the demand for storage and disposal capacity. Edwards suggested that the District cap development at SP until renegotiating is done. Director Reeves and Vice President Loble supported forcing the agreement with YC as they feel YC needs to solve its non-performance issues. Director Wheeler would like the District to be the leader with providing proactive solutions. The board wants a legal opinion on who is responsible for the contractual obligations in the agreement. The firm of Crowley Fleck was recommended due to its very specific expertise. Olsen reported that YC is working with Crowley. The firm will need approval from both parties if they will be working for both parties. The District will look for an attorney, starting with the Crowley Fleck firm. Vice President Loble disclosed that his oldest son is employed at the Crowley Fleck firm in Helena. The YC agreement will be on the next meeting agenda.

Director Wheeler reported that WGM Group prepared a build-out study of the greater Big Sky.

REQUEST FOR QUALIFICATIONS

5-Year Capital Improvements Plan: Eight proposals were received for the CIP study. Muscat's recommendations will be given to the firm selected for the CIP study. Impact Fee and Nexus Study: Two proposals were received for the impact fee study.

The committee to review and rank the proposals is Tom Reeves (chair), Brian Wheeler, Bill Shropshire, Ron Edwards and Terry Smith. The committee will interview a couple of the firms and then make a recommendation to the board. Muscat will assist in reviewing the water information and Burroughs will assist in reviewing the sewer information.

DEVELOPMENTS & SUBDIVISIONS

There was no additional update on the development of Tract A-1, or the Montana Club.

RESORT TAX APPLICATIONS

Edwards submitted one resort tax funding application for \$270,000 for two projects. One project is to upgrade the meadow water metering system to a fixed base system. The other project is for the purchase of AV equipment for the District's conference room for online meetings. The resort tax revenue is estimated at \$4.5 million with requests totaling approximately \$4.3 million. Edwards will attend the May 13th Q & A session. Board members were also invited to attend.

SEWER & WATER PERMITS

One connection permit was approved.

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

No additional information was been received on the recycling center proposal on Altman's Sweetgrass Hills Tract A1.

President Cronin reported that Skip Radick will be making a proposal to the board for approval of additional SFEs for The Pines Condominiums development.

It will be a huge expense to the District to add Mountain Lake's well to the public water system. In lieu of this well, Muscat recommended the District consider a payment from the developer.


Board members suggested the use of a lectern for those providing public comment.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, May 26, 2015, at 8:30 am.

ADJOURNMENT

Director Reeves moved to adjourn the meeting at 11:45 am. Director Loble seconded the motion. Motion unanimously passed.


Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – May 26, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, May 26, 2015, in the WSD Community Room. Board members present: President Packy Cronin, Vice-President Les Loble, Secretary Dick Fast and Directors Jeff Daniels, Tom Reeves, and Brian Wheeler. Director William Shropshire participated via conference call. Staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Peter Bedell and Grant Burroughs.

Others present: Skip Radick, S & D Development; Casey Drayton, Big Sky Owners Association (BSOA) Architectural Committee; Kevin Germain and Jon Olson, Lone Mountain Land Company; Kristen Gardner, Gallatin River Task Force; Mike Ducuennis, Yellowstone Club; and Peter Manka, district property owner. Suzan Scott, BSOA, participated by via conference call during the discussion on the BSOA pond project.

PUBLIC FORUM

President Cronin called for public comment at 8:40 am. Klaus and Crystal Gump's letter of 5/23/2015 regarding Skip Radick's request for additional units in Hidden Village/The Pines was read for the record. With no further public comment, the meeting was called to order at 8:43 am.

CONSENT AGENDA

Vice President Loble moved to approve the consent agenda items with the meeting minutes of April 14, 2015, the April financial report, and the sewer and water operators' reports. Director Reeves seconded the motion. Motion unanimously passed.

HIDDEN VILLAGE DEVELOPMENT BUILD OUT

Skip Radick reviewed the documents in the board packet to support his request for board approval to allow build out of the Hidden Village/The Pines at 195 units. The board discussed the District's capacity to serve the increased development, current District policy, and what is allowed by county zoning. Community members will have an opportunity to have their concerns addressed at the county level if Radick asks for a variance. If approved by the board, Radick agreed to a recorded affidavit capping build out at 195 units. The document must prohibit amendments, ensure that successors abide by it, and have a specific relation to an SFE component.

Director Reeves moved to approve Radick's development request going from 184 units to 195 units with a recorded affidavit as approved by the District's legal counsel. Vice President Loble seconded the motion. Motion passed. Not opposing the motion, Director Shropshire recused himself from the vote.

LEVY NOTICE FOR GALLATIN & MADISON COUNTIES

Smith proposed bond levies at 23.99 mills for the water project bond payments and 25.29 mills for sewer project bond payments that included a \$300,000 subsidy from the plant investment charge (PIC) reserves. The board and staff discussed the rationale for previously using the PIC reserves and why the funds should be reserved for future infrastructure needs. Without the use of PIC funds, 38.59 mills are needed for the sewer bond payment.

Director Reeves moved to approve 62.58 mills without using PIC reserves and to review the mills at the August board meeting. Director Daniels seconded the motion. Discussion. Director Shropshire asked that depreciation assets be reviewed and included in reserves. Motion unanimously passed.

SPANISH PEAKS RESORT WATER SYSTEM TRANSFER

The District's water billing records for Spanish Peaks (SP) properties have been transferred to SP. They will bill for water use starting at the end of the second quarter. SP has hired a new water operator, Scott Palmer.

BSOA POND

The board reviewed the draft Memorandum of Understanding (MOU). BSOA expanded the project to include Silverbow's pond, which is also owned by BSOA. Without approving the MOU, the board wants BSOA to present a written, tangible business plan for the project that includes proforma, site plan, etc. According to Suzan Scott, BSOA would like to do the dredging fall 2016. The BSOA board has not yet approved the project.

WASTEWATER FACILITIES PLAN PROJECT UPDATE

The draft plan is available on the District's website. Ray Armstrong will present the final plan at the June meeting. Edwards will work with Mike Cusick and Mark Cunnane to clean up the mountain water rights.

SOURCE WATER CAPACITY STUDY UPDATE

The draft study is available on the District's website. Mark Cunnane will present his final study at the June meeting.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

The project received DEQ approval. The pre-bid meeting is May 27 with the bid opening on June 2, 2015. The engineers estimate is \$738,000, which includes 4 UV units that have the ability to UV treat all meadow village well production. Funding will come from reserves. The District is committed to installing UV disinfection on the mountain system in the future, too.

YELLOWSTONE CLUB AGREEMENT LEGAL OPINION

Edwards has not received a response from Gina Sherman, regarding his request for Crowley Fleck firm to provide the District a legal opinion on the Yellowstone Club agreement. Edwards, Vice President Loble, and Director Reeves will solicit representation from other legal firms including Susan Swimley and John Kauffman. The firm selected must have the ability to timely prepare a legal opinion and also be available to work on renegotiating a new YC agreement.

REQUEST FOR QUALIFICATIONS

Interviews have been completed. The selection committee decided to split the 5-Year Capital Improvement Plan and the Impact Fee Study, between the following four firms: TREC/WGM Group, Dowl/HKM, Tischler Bise, and Raftelis. Edwards will negotiate contracts.

Director Reeves moved to allow Edwards to approve up to \$40,000 for each contract. Director Wheeler seconded the motion. Motion unanimously passed.

DEVELOPMENTS & SUBDIVISIONS

Edwards wrote a capacity letter for the submittal for the Mountain Club. Gaston Engineering is working on an update to the Mountain Village overall development plan (ODP) for Boyne and Lone Mountain Land. As a courtesy, the District will receive the ODP.

2015-2016 RESORT TAX APPLICATION

Edwards represented the District at the Resort Tax Q & A meeting in May. The appropriations meeting will be on June 10.

2015-2016 DRAFT BUDGET

The draft budget works within the 1% increase approved three years ago. As discussed in the Strategic Planning Session, salaries and benefits are to be reviewed by the board. Directors Reeves, Fast and Daniels will work with Edwards to review salaries, benefits, and the staff succession plan. The final budget will be presented at the June meeting for adoption by July 1.

DIRECTOR ELECTIONS

The terms expire in November for Directors Cronin, Loble, and Fast. The filing deadline is August 20, 2015.

EMAIL MEMORANDUM

Referencing a memorandum in the packet, Edwards will set up WSD email accounts for board members to use for District business.

DEVELOPMENTS & SUBDIVISIONS

Spanish Peaks is installing water and sewer lines in Inspiration Point.

GENERAL CORRESPONDENCE

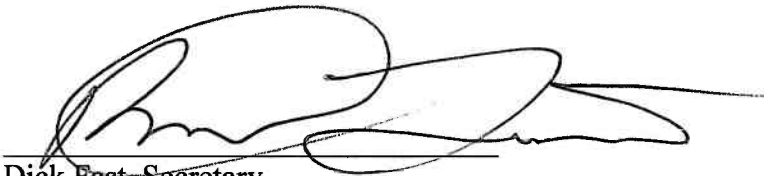
There was no general correspondence requiring board action.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, June 30, 2015, at 8:30 am.

ADJOURNMENT

Director Daniels moved to adjourn the meeting at 11:08 am. Director Fast seconded the motion. Motion unanimously passed.

A handwritten signature in black ink, appearing to read 'Dick Fast', is written over a horizontal line.

Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – June 30, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, June 30, 2015, 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, Tom Reeves, and Brian Wheeler. Director William Shropshire was not present. WSD staff present were Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: Mark Cunnane, Western Groundwater Resources; Steve Johnsen, Big Sky Planning and Zoning; Susan Scott and Kevin Frederick, Big Sky Owners Association; Kevin Germain and Jon Olson, Lone Mountain Land Company, Kristen Gardner, Gallatin River Task Force; Ron Seher, Firelight Meadows; Mike Ducuennois, Yellowstone Club; Marin Wyllie, Explore Big Sky; and Peter Manka, district property owner;

PUBLIC FORUM

President Cronin called for public comment at 8:35 am. Peter Manka congratulated WSD staff and board for Big Sky's water being voted best tap water in America by American Water Works Association (AWWA). Manka appreciates the District's efforts at maintaining its water quality. President Cronin echoed the message. With no further public comment, President Cronin called the meeting to order at 8:37 am.

CONSENT AGENDA

Director Reeves moved to approve the consent agenda items with the meeting minutes of May 26, 2015, the May financial report, and the sewer operator's report. Director Wheeler seconded the motion. Motion unanimously passed.

WASTEWATER FACILITIES PLAN PROJECT UPDATE

Ray Armstrong, DOWL HKM, was not able to attend the meeting to provide a project update.

WATER SOURCE CAPACITY STUDY UPDATE

Mark Cunnane presented his water source capacity study summary. The final document will be ready this week. Without the district implementing a conservation plan, Cunnane projected a water supply deficit in 2022 for the meadow and 2023 for the mountain. Cunnane reviewed timelines and cost estimates for improvements and increased capacity. Cunnane recommended perfecting the existing water rights by 2020. The feasibility and process of re-designating wells with commercial water rights to municipal water rights were discussed. It was felt that these wells should have been designated municipal when Lone Mountain Springs gave the wells to the District. The board wants staff to be proactive on this and to keep the water rights issues on top of its list.

COMMUNITY-WIDE WASTEWATER & WATER CAPACITY STUDY

Mike Ducuennois reviewed their engineer's (WGM Group) findings of the resort area wastewater analysis using a 20-year build out plan. The highlight from the report is the collaboration. Including Moonlight Basin, Ducuennois, reviewed the graphs of estimated wastewater generated in 2035, disposal capacity, and shortage. Ducuennois would like to jointly explore options for the community's targeted wastewater disposal needs. Both Edwards and Ducuennois stated that a discharge permit has to be pursued in addition to other year-round disposal options. President Cronin wants the District to document its efforts for disposal without discharge and to start now at developing a public relations campaign for discharge. The board understands why Ducuennois feels the District should help solve the whole community's

problem of disposal, but doesn't know if the District should, or can, take on that additional responsibility. Once the WGM Group's report is final, Ducuennois will make it available and give the board a step-by-step review. The community wastewater committee will continue its work.

MOUNTAIN LAKES WELL AGREEMENT

After reviewing what the Mountain Lakes' well agreement specifies in offsetting its water use with drilling a well, Edwards feels that the District would be better off in having Liston make an in lieu cash payment. There is no guarantee Mountain Lakes will get to 75 gpm with drilling a well on its property. Mark Cunnane reviewed the data for the existing Mountain Lakes test well and believes that they could not get a sustainable minimum 35 gpm. Cunnane estimated a minimum of around \$300,000 for Mountain Lakes to drill a well. The board discussed the amount to request for a cash payment. It was noted that Mountain Lakes has to pay \$10,000 per SFE when permits are issued for their approximate 60 SFEs.

Director Reeves moved to set a minimum of \$175,000 cash payment from Mountain Lakes. Director Fast seconded the motion. Discussion. Jim Muscat said the cash payment would benefit the District. Mark Cunnane recommended that the District make sure that Liston meets the requirements in the agreement if he does not make the cash payment. President Cronin noted that the District has been working with Liston to find solutions for his development. Motion unanimously passed.

FIRELIGHT MEADOWS SERVICE REQUEST/ANNEXATION

Ron Seher asked what they would need to do for annexing a remaining parcel of Firelight Meadows into the District's water and sewer system for 8 condominium units. Representing the parcel owner, Paul Pariser, Seher stated that water and sewer service is needed to make this property sellable to a developer. Firelight's water and sewer provider, Westfork Utilities, has said that it does not have capacity to serve Pariser's proposed project. Westfork Utilities currently serves 136 chalets and 4 20-unit buildings in Firelight. It was noted that Pariser sold Firelight's water and sewer system to this private utility company, thereby creating his own problem. If District water was not available, Seher said they could drill a well. They are also looking at on-site disposal options, but feel that they will compound issues in the area with another septic field. According to Mark Cunnane, the District's place of use for its water right could be an issue as this parcel is out of the District. President Cronin stated that it may not be in the best interest of the District to consider expanding its service boundary when it already has a deficit without solutions for expanding its wastewater disposal and/or water source capacity. Bringing property into the District without solutions for addressing its deficits would set a precedent. Board members would like the ability to annex all properties that want in the District, but as stated earlier by Ducuennois the District cannot continue to "kick the can down the road." The District must first be able to fulfill its commitment to existing District properties. Board members asked if annexing Firelight benefits the District and what Firelight can bring to the table to help mitigate the capacity problem within the District. Vice President Loble feels that Firelight's inadequate existing septic field, the possibility of its failure, and the negative impact of another drain field in the area were reasons why the District should consider annexation. Edwards stated that the only way he sees the existing Firelight coming into the District is if the Firelight HOA buys the system and then dedicates it to the District. If the District considers annexation, bond debt charges will have to be calculated into any other connection fees. Board members would like the District to have a clear policy for annexation. Based on only one board member supporting Seher's request for a formal annexation petition, Seher will have to make the decision on whether to pursue annexation.

DISTRICT RESOLUTION 15-01: BOARD OF DIRECTORS ELECTION

Director Reeves moved to approve Resolution 15-01: Calling for a Board of Directors Election in November. Director Wheeler seconded the motion. Motion unanimously passed.

DISTRICT ORDINANCE 15-1001: RELEASING 100 SFES (First Reading)

Director Reeves moved to adopt Ordinance 15-1001: Releasing 100 SFES on first reading and to waive the second and third readings. Director Wheeler seconded the motion. Motion unanimously passed.

FY 2015-2016 BUDGET

The budget committee reviewed and approved the draft budget as prepared with the 1% rate increase approved by the board two years ago.

Vice President Loble moved to approve the FY 2015-2016 budget as presented. Director Daniels seconded the motion. Motion unanimously passed.

5-YEAR CIP & IMPACT FEE STUDY CONTRACTS

Edwards presented a summary of the 5-year CIP and water impact fee study contract proposals from Trec and Raftelis. Board action is required for the water impact fee study contract at \$51,741. The board discussed the possibility of costs being driven up by splitting the work. Edwards will ask Tischler for a cost to include the water impact fee study in the wastewater CIP and impact fee study. The water CIP study has an optional on the water rights work that Edwards recommends. An outside committee has to be set up to review the impact fee analysis as required by state statutes.

Director Reeves moved to authorize Edwards to negotiate a contract up to \$50,000 including the water rights work. Vice President Loble seconded the motion. Motion unanimously passed.

BSOA POND RESORATION & WATER RIGHTS PROJECT UPDATE

The District's amendment to the water rights has been approved by the water court. BSOA will present its draft MOU at the next District board meeting. The Silverbow pond is included in the project. Kevin Frederick has advised BSOA's attorney to work directly with District legal counsel, Mike Cusick. Frederick was advised that the WSD board wants BSOA to present an entire proposal for the project. Anticipating construction next fall, Frederick reported that BSOA has earmarked \$115,000 for the project next year.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

Gallatin County Planning Office is requiring the District to submit a Conditional Use Permit (CUP) for expansion of the building instead of the Land Use Permit already submitted. Steve Johnson stated that he cannot imagine any resistance to the application. Johnson will follow up on the county's CUP requirement. With changes in the project, it will cost around \$720,000. Dick Anderson was the low bidder. The contract needs to be awarded within 60 days.

YELLOWSTONE CLUB AGREEMENT – LEGAL OPINION

Edwards recommended Mike Cusick for legal counsel review and opinion regarding the YC Agreement. Edwards and Vice President Loble will frame questions for Cusick. Susan Swimley will continue to be the District's main legal counsel.

DEVELOPMENTS & SUBDIVISIONS

Edwards reported on the activity at Spanish Peaks. Reviews needs to be done for Spanish Peaks and Mountain Club developments.

2015-2016 RESORT TAX APPLICATION

The Resort Tax Board only funded the District's request of \$11,500 for AV equipment for the community meeting room. The WSD board discussed having other District representatives, or community members, speaking on behalf of the District's future resort tax applications. Steve Johnson reported that the argument of tax relief is used successfully by the fire department.

EMAIL MEMORANDUM

Edwards set up individual email addresses for board members to use for District business.

STAFF SUCCESSION PLAN

Edwards will prepare information on the staff succession plan for the next board meeting.

SEWER & WATER PERMITS

No board action was required.

GENERAL CORRESPONDENCE

Edwards distributed a letter dated 6/26/15 from Tim and Sally Ryan requesting the District cost share the irrigation meter equipment for the River Rock Lodge. Edwards explained that the Lodge's irrigation had never been metered and Ryan's have never been billed for this water use. No board members supported Ryan's request. Edwards will respond to Ryan's letter.

NEXT MEETING

The next board meeting is tentatively scheduled for Tuesday, July 28, 2015, at 8:30 am. Director Fast will not be available.

ADJOURNMENT

Director Loble moved to adjourn the meeting at 11:45 am. Director Wheeler seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

6-30-15. min (Board Approved 8/25/15)

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – August 25, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, August 25, 2015, 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 was not present. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Grant Burroughs, and Peter Bedell.

Others present: Gary McRae, Mountain Lake Partners; Steve Johnson, Gallatin County Planning and Advisory Committee; Emily O'Connor, Big Sky Community Corporation; Jon Olsen, Lone Mountain Land Company; Jim Simon, Gallatin Solid Waste Management District; Kristin Gardner, Gallatin River Task Force; Joe O'Connor and Marin Wyllie, Explore Big Sky; Ray Armstrong, Dowl HKM; Suzan Scott, Big Sky Owners Association; Mike Ducuennois, Yellowstone Club; Kitty Clemens, Big Sky Chamber; Scott Altman, Sweetgrass Hills Tract A1; and Scott Johnson and Peter Manka, district property owners.

PUBLIC FORUM

President Cronin called for public comment at 8:35 am. Jon Olson reported that Spanish Peaks Resort will delay its pond construction until next year. With no further public comment, President Cronin called the meeting to order at 8:38 am.

CONSENT AGENDA

The board reviewed the meeting minutes, financial reports and operators' reports. To draw down the treated wastewater ponds, the irrigation system in the horse pasture was recently turned on. This irrigation will run until October. Jim Muscat presented an informal request from Yellowstone Club's (YC) operator to purchase more water than allowed in the agreement so that YC can fill its tank. Muscat cautioned the board to not enter into any water use agreement as water supply conditions change quickly. Due to the unusual amount of rainfall this summer, this is the first year in 15 years the District has had surplus water. Muscat suggested a day-by-day basis if the board considers approving YC's request for additional water. The board discussed YC's request. YC's water use increased 40% this July as compared to last July. Mike Ducuennois reported that YC fixed a couple of big leaks and feels that YC is doing everything it can for conservation. Ducuennois suggested that the board write a letter letting the operators manage the situation with Muscat having the flexibility to provide additional water on a day-by-day basis. Secretary Fast expressed concern about YC getting accustomed to the District supplying extra water when the District has not had surplus water in 15 years. With the critical low water supply period over, Ducuennois stated that YC just wants its tank full. YC does have water rights and can develop more water source, or financially assist the District in increasing its mountain water supply. If the request is approved, President Cronin wants paperwork to match what the District will allow.

Director Wheeler moved to approve Jim Muscat to manage Yellowstone Club's water quota, potentially exceeding what is allowed in the agreement. Director Shropshire seconded with an amendment to have Edwards write a letter to YC outlining the operator's authority to provide water on a day-to-day basis. Motion unanimously approved.

Director Loble moved to approve the consent agenda items with the June 30, 2015, meeting minutes, the June 2015 financial report amended, and the operators' reports. Director Daniels seconded the motion. Motion unanimously passed.

WASTEWATER FACILITIES PLAN FINAL REPORT

Ray Armstrong, Dowl/HKM, presented the final wastewater facilities report providing updated flows, projected growth rates, irrigation capacity, and treatment plant upgrades. The District could exceed disposal capacity by 2018 with projected flows exceeding current disposal capacity. Armstrong recommended perc tests be performed on the golf courses, increase storage capacity to about 226 million gallons, add a third basin to the treatment plant, and add a greenhouse type structure to cover the basins. Armstrong also reviewed options for alternatives for disposal. Armstrong recommended an evaluation of the SCADA and flow meters as there is a discrepancy of 100 million gallons in a 3-year time frame. *The board directed staff to work on solving and fixing the metering discrepancy.* The board will need to analyze Armstrong's recommendations for a long-term plan to meet full build out needs. Director Shropshire commended Armstrong for his comprehensive report.

Director Shropshire moved to direct staff and Armstrong to review Armstrong's recommendations in the report and present a prioritized list of their findings to the board at the October meeting. Secretary Fast seconded the motion. The board discussed the need to look at discharge and other disposal options as it is the District's responsibility to meet full build out needs. President Cronin noted that discharge is probably the best option, but the political aspect needs to be considered. Edwards stated that a growth policy needs to be considered. Motion unanimously passed.

TRACT A-1 LAND TRADE CONSIDERATION

Scott Altman has requested the District allocate an additional 30.50 SFEs for full build-out development at 85.5 SFEs on Tract A1 in exchange for Altman transferring 1.4 acres of Tract A1 to the District. The District has been asked to acquire the land and then donate it through a non-payment lease for a community recycling center. The recycling bins must be removed from their current location in Town Center by October 1, 2015. No one has offered an alternative site. Jim Simon reported that the county is not interested in paying for a lease site, but it does subsidize the recycling program. The board discussed the two requests. Board members were in agreement that it should be a two-step process with the District acquiring the land before making any decisions on whether the land should be used for recycling. The board questioned why the Water and Sewer District is being asked to deal with community recycling. The board asked if private curb-side recycling has been pursued, or if there is a commitment from resort tax for acquisition of land. Director Shropshire stated that the District should not consider giving the land away as it may be a key in solving build out capacity.

Director Fast moved to direct Edwards to offer Altman 30.50 SFEs in exchange for the 1.4 acres. Shropshire seconded. Motion unanimously approved. Altman said they would provide an easement for the recycling and to the District.

2016 MILL RATE LEVY ASSESSMENT ADOPTION

Smith reported that when the mill rates were initially presented they were based on estimated taxable values. The rates presented today are based on the actual taxable values. With no money coming from reserves and a change in taxable values, the District needs a total mill rate of 82.72. This is a 68% increase. Based on the need to fund immediate work projects, the District will be better off using reserve money for these projects instead of using it for paying down the mills.

Director Loble moved to approve the water mill rate at 31.97 and the sewer mill rate at 50.75. Director Shropshire seconded the motion. Motion unanimously passed.

MOUNTAIN LAKES WELL AGREEMENT

Leonard Liston agreed to a \$175,000 payment in lieu of drilling a well for the Mountain Lakes development. Liston is requesting the District approve a three-phase payment schedule that coincides with the construction phases of the three buildings. The board discussed Liston's request, reviewing the basis for the original agreement which provided for a well before any additional hookups. The board will let Edwards's letter stand. The in lieu payment must be made prior to Mountain Lakes connecting the sewer line extension. Any structure coming on line would pay \$10,000 per SFE.

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

Edwards reported that the MOU has been redlined by BSOA's counsel. Edwards and Mike Cusick have reviewed the MOU and will be communicating their changes to BSOA. The plan is to have BSOA's engineer, Carl Uhlig, to walk through the whole project of diverting and reconstructing the channel.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

Edwards reported that the conditional use permit has been approved by the county. After discussions with other system operators, the UV equipment has been changed from Trojan to Atlantium. This change reduces the cost by \$130,000. A preconstruction meeting is scheduled for August 26. Substantial completion is proposed by the January 1, 2016. The District will be prepared to add two new wells (4 & 5) to the water system for next summer. The UV system has been engineered and designed to handle all wells. The plan is to shut in the UV system in the winter when demand is down and wells 4 and 5 are not in use.

5 YEAR CIP & IMPACT FEE STUDIES

Mark Cunnane finished the water source capacity report. The report will be given to the engineers working on the CIP. The impact fee study for water and wastewater will be done by Tischler Bise as their proposal was \$39,400 as compared to Raftellis proposal at 64,201.

YELLOWSTONE CLUB AGREEMENT LEGAL OPINION

Mike Cusick has agreed to provide a legal opinion on the Yellowstone Club (YC) agreement.

DEVELOPMENTS & SUBDIVISIONS

Edwards reported that SP is asking for a capacity letter for its new lodge. It has been reported that the lodge has doubled in size and it could be around 300 SFEs. They have 1,000 SFEs with approximately 250 SFEs built thus far. The board discussed the need for YC/SP to show capacity as they have not met their obligation for storage and disposal per the agreement. Edward reported that the District has not written YC/SP a letter for more capacity because they haven't been able to get rid of the water. *Edwards suggested obtaining a legal opinion and revisiting the request for a capacity letter at a future meeting. Director Shropshire supported sending YC/SP the Wastewater Report asking for a proposal showing how their obligation for storage and capacity is being met. Director Wheeler would like YC/SP to present solutions for additional storage and disposal.*

Firelight is still contemplating on what they want to do regarding pumping its sewer system.

DISTRICT ELECTION

Edwards reported that three petitioners (Mike Ducuennois, Packy Cronin, and Dick Fast) filed for the three vacancies. The board will appoint the petitioners through acclimation. With future elections to be held in May, the terms will expire in May 2020. The District may want to ask the county to stagger the election of board members so that there is not a potential for a majority turn over. Vice President Loble asked if he resigned at the end of this meeting, could the board appoint Mike Ducuennois now. The board wants Loble to serve his term.

STAFF SUCCESSION PLAN

Edwards has not had time to prepare a staff succession plan.

SEWER & WATER PERMITS

Edwards provided permit data to Big Sky Resort for their annual report. The District has not issued as many permits this year as compared to last year.

GENERAL CORRESPONDENCE

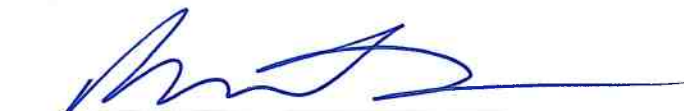
There was no general correspondence requiring board action. Effective July 2015, a new law requires that District's meeting minutes be sent to Gallatin County to be available on its server.

NEXT MEETING

The next two WSD board meetings are tentatively scheduled for the third Tuesday of the month, September 15 and October 20, beginning at 8:30 am.

ADJOURNMENT

Director Fast moved to adjourn the meeting at 11:33 am. Director Daniels seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – September 15, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, September 15, 2015, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Les Loble, and Directors Jeff Daniels, Tom Reeves, and Brian Wheeler. Director William Shropshire participated via telephone. Secretary Dick Fast was not present. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: Steve Johnson, Big Sky Community Corporation; Mike Cusick, Moore, O'Connell & Refling, PC; Karl Uhlig and Julie Merritt, WGM Group; Suzan Scott, Big Sky Owners Association; Andrea Saari and Kristin Gardner, Gallatin River Task Force; Peter Manka, Alpine Water; and Jessie Wiese, Big Sky resident.

PUBLIC FORUM

With no public comment, President Cronin called the meeting to order at 8:30 am.

CONSENT AGENDA

Burroughs reported that wastewater disposal is about foot behind last year. At the end of the irrigation season, remaining treated wastewater will be pumped to the YC pond.

Director Reeves moved to approve the consent agenda items with the August 25, 2015, meeting minutes, the July 2015 financial reports, and the operators' reports. Director Daniels seconded the motion. Motion unanimously passed.

BSOA POND PROJECT

Karl Uhlig and Julie Merritt discussed the BSOA pond project. Background information was presented along with the plans to remove sediment, enhance access and fisheries, landscape, and to create beaches and picnic areas. The point of diversion for the District's intake valve will not be moved. The construction is proposed for the low flow period in the fall 2016. It has not been determined where the silt will be moved to. BSOA is asking the District to finalize the MOU before it proceeds with filing the application to DNRC. The MOU no longer includes the Silverbow pond as restoration of this pond will not use the District's water rights. Uhlig stated that BSOA will need about 4½ acre feet of water rights for evaporation mitigation. This is about 1% of the District's approximate 250 acre feet of water rights. With the plans including a beach area across from the District's office, the board had concern about the lack of a parking plan. Uhlig thought that the Big Sky Community Corporation (BSCC) is looking into building a trail by the bridge, that it could also address the parking. BSOA does want to ensure that access to the District's hydrant is maintained. *(Mike Cusick arrived at 8:55 am.)* Uhlig stated that construction cost estimates have not been determined, only design costs. Mike Cusick discussed the MOU, which only governs the permitting and design phase of the project and is not a binding contract. Suzan Scott reported that the BSOA board is prepared to approve the MOU through executive committee. The District wants a long-term agreement for operations and maintenance of the pond with BSOA being responsible for both. At Cusick's recommendation, the District needs to have the ability for perpetual access to the head gate if BSOA is no longer maintaining it, or abandons the pond. If the project turns out to not be feasible for the District's continued support, the MOU provides mutual protection for both parties and lays out a roadmap for the project. Per Loble's comments, Cusick said that the term "inconsideration" needs to be deleted from the MOU. Once the water rights are determined the District will then deed a portion of its

water rights to BSOA. The value will have to be determined for compensation to the District. An appraiser may need to be hired for this purpose.

Vice President Loble moved to approve the MOU with the one change on "inconsideration." Director Wheeler seconded the motion. Motion unanimously approved.

Cusick stated that if only 4.48 acre feet are requested, that should be manageable. Uhlig noted that the 4.48 acre feet do not include flow through. The application amount will have a specified amount dedicated to fisheries. Cusick has vetted the project MOU for objections with Edwards. Cusick feels that the changes made to the water rights should make the BSOA's process go smoothly.

MEADOW VILLAGE UV DISINFECTION PROJECT

Edwards reported that there is a change in the selected UV equipment from Trojan to Atlantium. A credit change order in the amount of \$130,000 has been made. The board packet included the contractor's detailed construction scheduled.

5 YEAR CIP & IMPACT FEE STUDIES

Wastewater CIP: Edwards and Ray Armstrong toured a pilot scale algae project at the Missoula plant. Armstrong will look at this process in regards to the District's CIP.

Water CIP: Meter data has been given to TREC. TREC is using District meter data to prepare numbers about water use and demand across the District. The District will be responding to TREC's questions. The discrepancy in demand and meter numbers needs to be explained.

Impact Fee Study: Tischler-Bise will be here in early October to meet with District staff and Ray Armstrong.

YELLOWSTONE CLUB AGREEMENT LEGAL OPINION

Edwards reported that Mike Cusick is reviewing the Yellowstone Club agreement.

DEVELOPMENTS & SUBDIVISIONS

Cascade Tract 12: The BSOA Architectural Committee notified the District that landscaping will be done in Tract 12 area. This landscape alteration will not affect the District's operations.

Sweetgrass Hills Tract A-1: Altman's contractor has completed the boring under the Middlefork. They are now installing the sewer and water main lines that will connect to the bored line. The hardware store's proposed opening date is December 1, 2015. The District's easement follows the driveway to the hardware stores. *A quit claim deed needs to be completed and filed for the transfer of the 1.4 acres.*

Spanish Peaks Phase 8: The construction is ahead of schedule. SP intends to have paving completed this fall. The new sewer line will tie into the District's main line. Once the sewer line work is finished, SP will complete a conveyance agreement and post a performance bond, or cash payment for the 2 year warranty period.

NEW DEVELOPMENTS & SUBDIVISIONS

The Hill Condominium Association asked the District if its parking lot, Tract 5A, is buildable. Charity Fletcher, Madison County, has verbally reported that she could not find anything that would make it unbuildable. Edwards sent a letter (enclosed in packet) to the Hill HOA stating that the whole Hill tract has a capacity of 180 SFEs with 137.5 SFEs built out, and without an

allocation split for Tract 5A. Director Wheeler recommended that Hill HOA review its original condominium declaration as they have 180 units that need parking. *Following the District's ordinance, the board directed Edwards to write a follow-up letter to Hill HOA giving them the timeframe of December 31, 2015, to transfer SFEs to Tract 5A. The letter is to also include that SFEs cannot be transferred back after the deadline.* This gives Hill HOA the option of pursuing the transfer of SFEs.

STAFF SUCCESSION PLAN

The board supported approving TREC's staff succession plan proposal for \$1,800.

SEWER & WATER PERMITS

The permit correspondence was provided in the board packet.

GENERAL CORRESPONDENCE

Spanish Peaks (SP) Drainfield Request: The proposed location of SPs effluent pond (golf course storage pond) interferes with a drainfield serving property outside the District. SP is asking to move the drainfield into the District's boundary. Edwards stated that the District's boundary will not change and the property would not be required to connect to the District's system as it will be more than 500 feet from District sewer service.

Kristen Gardner's Letter: Gardner's letter to the board asked for a collaborative effort on wastewater disposal options. She recommended not using the Jack Creek option, which sends the water to the Madison, and would like the District to augment the Westfork's stream flow in the fall. The board asked Gardner what she thinks about discharging into the river. Gardner feels that further data is needed before commenting. For the District to meet projected growth, Edwards stated a discharge permit with winter discharge will be needed. Edwards would like SP's lower pond by the club house approved for treated wastewater storage. Supporting a collaborative effort, the board thanked Gardner for her letter. Once wastewater disposal options with scientific data are identified, the District will work with the Gallatin River Task Force, a public relations firm, and any other entities in the community that are interested. Director Wheeler would like the *topic of wastewater solutions on the monthly agenda.*

There was no general correspondence requiring board action.


Director Shropshire reported he was able to hear the discussion very well when the individual speaking was close to the microphone.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, October 20, 2015, at 8:30 am.

ADJOURNMENT

Director Reeves moved to adjourn the meeting at 10:19 am. Vice President Loble seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – October 20, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, October 20, 2015, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Les Loble and Directors Jeff Daniels, Tom Reeves, Brian Wheeler and William Shropshire. Secretary Dick Fast was not present. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, and Peter Bedell.

Others present: Karen Roberts and Curt Wilson, Firelight Meadows HOA; Scott Hammond, Hammond Property Management for Firelight Meadows; Kevin Loustaunan, Westfork Utilities/HCH, LLC; Mike Ducuennois, Yellowstone Mountain Club; Jon Olsen, Lone Mountain Land Company; Suzan Scott, Big Sky Owner's Association; Peter Manka, Alpine Water; Kitty Clemens, Big Sky Chamber of Commerce; and Kristen Gardner, Gallatin River Task Force.

PUBLIC FORUM

With no public comment, President Cronin called the meeting to order at 8:31 am.

CONSENT AGENDA

There were no comments on the September 15, 2015, meeting minutes, the August financial report, or the water and sewer operator reports.

Director Loble moved to approve the consent agenda items. Director Reeves seconded the motion. Motion unanimously passed.

FIRELIGHT MEADOWS HOA WASTEWATER SYSTEM

The general manager's report included a narrative on the request from Firelight Meadows on the possibility of the District providing wastewater service to Firelight if the HOA purchases the system from the private utility. If the District does agree to serve Firelight, Edwards recommended a cap on capacity, have the property annexed before the District provides any service, require individual water meters be installed, and the HOA pay connection fees that would include a plant investment charge per SFE plus the bond debt. Karen Roberts reported that they need 60% approval of its owners to go forward. Roberts explained that one reason the HOA is interested in purchasing the wastewater system is that they pay 41% higher rates than other areas in Big Sky. Edwards stated that with Firelight's two wells designated place of use as Firelight Meadows, there are no benefits to the District in taking over the water system. From the HOA's perspective they would probably want the District to take on both water and sewer. The District inherited the old RID 305 boundaries and it never included the Firelight property. With other entities wanting annexation, Board members discussed the need for the District to solve its wastewater capacity issues and execute the 5-year Capital Improvements Plan prior to the District considering annexation of other properties. If annexing Firelight is considered, the District should not be involved in any financing. With Firelight estimated to add 9 million gallons a year to the treatment plant, the board asked *Edwards to have Ray Armstrong quantify the cost of bringing Firelight into the District.* The board expressed concern about increased flow and having no control of maximum flow. Roberts explained that Firelight's declaration does have limits for occupancy, but according to its attorney it is impossible and not practical to enforce them. Kevin Loustaunan stated that the Firelight system is maxed out, but he doesn't feel that it is failing. The flows have plateaued at about 25,000 gallons per day, which is what the system can handle. *Edwards will have Armstrong provide a cost for adding Firelight to the 5-year plan and the date the District would need to be looking at for expansion.*

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

Edwards reported on Karl Uhlig's progress on the pond restoration application. Suzan Scott stated the draft application will be given to the District for review in the next week. The preliminary design has been approved by BSOA and will be included in the application. Parking by the pond has not been allocated yet. Scott has been in contact with Pam Rempt, Big Sky Chapel, and will meet with her regarding the preliminary design. *President Cronin would like a Chapel board member to attend a WSD board meeting to acknowledge that they are aware of the pond plan and that it could impact its parking.* Scott reported that the project is proposed to start in the fall of 2016 with completion in 2017.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

Edwards provided an update on the UV disinfection project. Construction should be back on schedule within the next two weeks. Construction meetings are held biweekly. BSOA has requested a new color scheme for painting the building.

5-YEAR CIP & IMPACT FEE STUDIES

Ray Armstrong and Carson Bise are working on the impact fee part of the study. Edwards will try to coordinate with Bise for him to attend the November board meeting. As required by law, Edwards is forming an impact fee advisory committee that will include community members. Ryan Hamilton will be asked to be on the committee as a developer representative. TREC is working on the discrepancy of non-revenue water use. Based on the candidates' comments at the resort tax debate, Vice President Loble stated that the District needs to look at alternative funding.

YELLOWSTONE CLUB AGREEMENT – LEGAL OPINION

Edwards and Mike Cusick will meet later this week to review the YC agreement. Cusick's legal opinion needs to address how both parties are meeting legal obligations and how to proceed with enforcement of the agreement. Mike Ducuennois reported that YC's legal opinion dealt more with Dolan's obligation in the agreement. With the November WSD board meeting, YC employee Mike Ducuennois will become a member of the board. The board wants Cusick's legal opinion on whether the board can go into executive session without Ducuennois and if he can recuse himself from voting. If there will be a potential conflict of interest, Ducuennois offered to abstain from voting and recuse himself from that portion of a meeting. President Cronin stated that he believes that the District and YC are on the same page YC in that both entities are looking for solutions, not confrontation.

DEVELOPMENTS AND SUBDIVISIONS

Spanish Peaks (SP) Resort: SP requested capacity letters for phase 8A and 4. Edwards reported that he writes letters if the District has capacity today. A statement included says that permits will not be issued if capacity is a concern at the time a permit application is submitted. The board would like Jon Olsen to present a synopsis of SP's overall development plan (ODP) so that the District could ensure that SP is not exceeding its capacity allocation. Mike Ducuennois has sent Edwards SP's overall development report. Edwards noted that with SP there is a flow limitation for commitment that dictates its build out. *Edwards will get SP's flow data.* Olsen reported that SP's ODP will go over the flow/SFE commitment, but that SP knows that it needs to plan for additional capacity. President Cronin stated that if SP is planning development that exceeds the District's commitment, then the District needs to stop writing capacity letters. If the District cannot provide capacity, the developer needs to rein back development. The District must solve its full build out capacity issues before it can consider allowing additional capacity. Additionally, the District cannot base its model on low flows; it has to plan for peak flows.

Olson reported that the construction of SP's new 15,000 million gallon storage pond will be done next year. SP is also converting its existing pond to a storage pond.

Mountain Village ODP Amendment: Director Wheeler reported on Boyne's progress on the Mountain Village ODP. The installation of utilities is underway in the Montana Club.

Sweetgrass Hills Tract A-1: The water and sewer lines are in and land restoration is progressing.

STAFF SUCCESSION PLAN

Edwards is working with TREC on the staff succession plan.

WASTEWATER SOLUTIONS

Edwards and Armstrong will meet with DEQ personnel in Helena to discuss wastewater options. Directors Shropshire and Reeves are also interested in attending the meeting.

SEWER & WATER PERMITS

TCL 123, LLC: The permit application is requesting 43.22 SFEs for a multi-use building in Town Center. Board approval is needed for permit applications exceeding 25 SFEs.

Director Wheeler moved to approve TCL 123, LLC permit application for 43.22 SFEs for a multi-purpose building in Town Center, Lots 2 and 3, Block 3. Director Daniels seconded the motion. Motion unanimously passed.

NEW DEVELOPMENTS AND SUBDIVISIONS

Blue Grouse Phase 2, Lot 2: The original development plan was for multi-family units. The amended plans subdivide the lot into 13 single family lots with Lot 13 planned for future subdividing. A capacity letter from the District is needed for the amended development plans.

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

The Big Sky Chamber of Commerce is holding a meeting on affordable housing on October 22, 2015, at 4:00 pm at the Warren Miller Performing Arts Center.

The board thanked Vice President Les Loble for his time serving on the WSD board.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, November 17, 2015, at 8:30 am.

ADJOURNMENT

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



Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – November 17, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, November 17, 2015, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Secretary Dick Fast (left at 10:15 am) and Directors Tom Reeves, Brian Wheeler and Mike DuCuennois (new board member replacing Les Loble whose term expired). Director William Shropshire participated via conference call until 10:55 am. Director Jeff Daniels was not present. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: Steve Johnson, Big Sky Community Corporation; Mace Mongold and Lance Lehigh, TREC; Karl Uhlig, WGM Group; Marci Lewandowski, Big Sky Chamber of Commerce; Peter Manka, Alpine Water; Andrea Saari, Gallatin River Task Force; Suzan Scott, Big Sky Owner's Association; and Jon Olsen and Kevin Germain, Lone Mountain Land Company.

PUBLIC FORUM

President Cronin called for public comment at 8:30 am. On behalf of Kitty Clemens, Marci Lewandowski asked that Clemens be considered for the CIP impact fee study advisory committee. Edwards explained that Montana law requires an advisory committee for impact fee studies, but there is no limit on the number of committee members. Clemens is welcome to be a part of advisory committee that will meet on December 15. With no further public comment, the meeting was called to order at 8:30 am.

CONSENT AGENDA

There were no comments on the October meeting minutes, financial report, or sewer operator's report. Jim Muscat reported that Yellowstone Club found a substantial water leak of 30 gpm.

Director Reeves moved to approve the consent agenda items. Director Fast seconded the motion. Motion unanimously passed .

DIRECTOR ELECTION OATH OF OFFICE

Through acclamation, Packy Cronin, Dick Fast, and Mike DuCuennois were elected to the WSD board of Directors to four-year terms beginning November 2015 and expiring in May 2020. Edwards noted that the term moved to the May election date. An Oath of Office form needs to be signed by each elected board member and sent to Gallatin County.

Citing work obligations, Director Jeff Daniels submitted a letter of resignation effective January 1, 2016. Daniel's term expires May 2018. *Edwards will verify with legal counsel for statutory requirements in filling the seat.* The board's intent is to appoint a new board member. Resumes will be reviewed for consideration at the next board meeting. Peter Manka and Bob Shanks previously expressed interest in serving on the board.

Director Ducuennois motioned to approve Jeff Daniels letter of resignation. Director Wheeler seconded the motion. Motion unanimously passed.

5-YEAR WATER SYSTEM CAPITAL IMPROVEMENT PLAN (CIP) PRESENTATION

Studying the period 2011-2014, Mace Mangold and Lance Lehigh, TREC, and Karl Uhlig, WGM Group, presented their preliminary findings on the District's Water System CIP project. Through a water audit, the engineers are trying to find out how much water is disappearing. This includes non-revenue water, unmetered usage, and infrastructure leakage. Although the money side of billing has not yet been analyzed, they estimated unbilled consumption at \$233,000 in lost revenue. The infrastructure leakage rating is a 5, which means the system can be improved by 4/5. The largest loss areas need to be identified. Recommendations will include leak monitoring, installing 5-10 area pit meters in key places, adding or optimizing PRV vaults to reduce operating pressures, ways to improve fire demand, and planning for the Montana Club. The engineers are working on a system-wide hydraulic model. The entire mountain water source is being pumped to the Cascade tank to provide for 3% of the total mountain area water use. The engineers will look at a mid-mountain tank at an elevation of 7,720 feet. With Cascade Wells 5 and 6 representing one half of the water supply in the mountain village, the District needs to focus on replacement, or sulfide treatment, of these wells. A cost/benefit analysis will influence recommendations on the tanks in Sweetgrass Hills and Aspen Groves. SFE capacity findings will be presented in the CIP. With ISO working on its rating in Big Sky, Edwards has been sharing the engineering data with the fire department.

Carl Uhlig is working on the District's source water projections for the next 10 years. Uhlig discussed the District's water rights as they relate to the CIP project. The total rights need additional volume to meet build out. Uhlig's recommendations for implementation within the next five years included correcting/changing/expanding the District's water rights place of use, have all water rights classified municipal, clear up maximum use, address and clean up issue remarks on wells, and plan for potential growth beyond the District's existing boundary. The points of diversion need to be explored if the District wants additional wells. Uhlig is looking at doing one report that covers all water rights. Uhlig's recommendation is to globally go with the entire plan. If there is push back, then the District can isolate and implement specific recommendations. Muscat asked if there were any advantages in the YC and the District working together to serve the whole area. Kevin Germain recommended adding Moonlight into that equation. According to Uhlig, the engineering study will provide solid numbers for the board to make decisions.

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

The Water Right Change Application for the BSOA pond project has been filed with the Department of Natural Resources and Conservation (DNRC) with BSOA paying the \$700 application fee. DNRC has 180 days to review the application. Uhlig will contact DNRC at the end of January if he has not heard from them. Uhlig would like to have a preliminary determination by April, or May. Once the application is approved by DNRC, there is a 45-day public notice period. Uhlig recommended a campaign effort during the public notice period. The District will be copied on all correspondence. Mike Cusick's letter, provided in the board packet, explained the process going forward. The MOU with BSOA allows the District to withdraw the application if there will be an adverse effect to the District.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

A construction update meeting will be held later today. The contractor is about a week off schedule. Completion of the UV disinfection project is scheduled for January 15, 2016.

5 YEAR CIP & IMPACT FEE STUDIES

Ray Armstrong will give a presentation at the December board meeting. Edwards, Armstrong, and Directors Reeves and Ducuennis will meet with DEQ on the updated facilities plan. *(Director Fast left the meeting at 10:15).* They will look to DEQ for solutions to help solve build out demands in Big Sky. The goal is to discuss all of the disposal options including a discharge permit and deep well injections. The board was in agreement that the District's first priority is to serve its existing commitments and current boundary. Then properties outside the current District could be considered. Any new service areas considered would require annexation with these property owners paying all costs to come into the District.

YELLOWSTONE CLUB AGREEMENT LEGAL OPINION

Mike Cusick will present his findings at the December board meeting.

DEVELOPMENTS AND SUBDIVISIONS (Old Business)

Spanish Peaks (SP) Resort Build-Out Projections and Phases 8A and 4: The original agreement allocated 1,000 SFEs to SP, with the SFEs correlated to a maximum flow of 42.56 million gallons per year. Edwards recommended using only SFEs for allocation if the agreement is amended. Jon Olsen prepared a summary of SFEs built and what is projected. The District has currently committed 760 SFEs. The new lodge will bring the total to about 1,000 SFEs. *Edwards needs to review the flow analysis to see if it corresponds with the 1,000 SFEs.* SP's allocated 1,000 SFEs are based on performance of the agreement, which will not be met with the 30 million gallons of wastewater storage capacity when its ponds are complete. SP's subdivision review and approval requires a capacity letter from the District. With Olsen's spreadsheet showing SP close to its SFE limit and its planned development getting ahead of wastewater solutions, President Cronin and Director Reeves would like to have SP meet its performance obligations before the District writes a capacity letter. They also want the District's CIP implemented before writing additional capacity letters. It was asked if the District would be in default of the agreement if SP's request was denied. Director Reeves asked if the Board should vote on every application.

Steve Johnson suggested purple pipe be considered as a condition of subdivision approval. Johnson feels the timing is appropriate for purple pipe to be considered as a disposal option before discharging into the river. *(Director Shropshire left meeting at 10:55)*

Sweetgrass Hills Tract A-1: Edwards sent a letter to Scott Altman confirming the SFEs available to Tract A-1. Altman is waiting to transfer the 1.4 acres to the District until the first split is approved by DEQ. After the split is approved, Altman intends to do a boundary line readjustment. It was noted that DEQ scrutinizes boundary line adjustments for avoidance of subdivision review and that Altman's application could be denied. *The board asked that Altman attend the next meeting to discuss this with the board.* The board will not sign off on the transfer of SFEs until the land is transferred. Altman is working on the conveyance document for the water line, but will own and operate the sewer system. The lift station is in, but it has not been started up.

STAFF SUCCESSION PLAN (Draft)

The board packet included a draft succession plan. Karl Kasper will be at the December meeting to present the final draft. Director Reeves will review the draft plan.

DEVELOPMENTS AND SUBDIVISIONS (New Business)

A courtesy letter from Madison County was received in regards to the Big Springs PUD in Yellowstone Club that is the area adjacent to the Warren Miller lodge.

SEWER & WATER PERMITS

The 8 SFEs approved for the hardware store are not included in the updated SFE table. Altman will need to submit an application for the other building on Sweetgrass Hills Tract A-1. Altman is using the SFEs exempt from the plant investment charge.

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

ANNUAL DINNER

Edwards will contact Olive Bs to set a date in January for the District's annual dinner.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, December 15, 2015, at 8:30 am. Edwards will try to have Carson Bise, TischlerBise Inc., attend the December board meeting. The impact fee rate study advisory committee meeting will also meet on December 15, 2015.

ADJOURNMENT

Director Reeves moved to adjourn the meeting at 11:12 am. Director Wheeler seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

11-17-15. min (Board Approved 12/15/15)

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – December 15, 2015
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday December 19, 2015, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Secretary Dick Fast and Directors Mike DuCuennois, Brian Wheeler. Director Bill Shropshire by GoTo Meeting. Director Tom Reeves was not present. WSD staff present: Ron Edwards, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: Peter Manka, Steven Johnson, Robert Shanks, Kitty Clemens, and Mike Cusick.

PUBLIC FORUM

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

PRESENTATIONS

2014/15 Audit Report. Tony Vanorny from JCCS discussed the audit report and unmodified opinion via GoTo Meeting.

Director Dick Fast moved to accept the audit report. Director Wheeler seconded the motion. Motion unanimously passed.

CONSENT AGENDA

There were no comments on the minutes, financial reports or sewer operator's report. Jim Muscat recommended the District select the inspecting engineers for future water and sewer extensions within the District.

Director Fast moved to approve the consent agenda items: November 2015 meeting minutes, November financial reports, and sewer and water operator's reports. Director Brian Wheeler seconded the motion. Motion unanimously passed.

BUSINESS ACTION ITEMS

SFE Reallocations. Edwards discussed the SFE Reallocations for Hill Condominiums, Morning Sun Condominiums (Meadow Village Tract 9), and the Boyne Corp overall reconciliation of the Boyne SFE pool. SFE's will be reallocated from Boyne tracts and put in to the pool for future Boyne developments.

Director Fast moved to approve all three SFE reallocations Tract 9(subject to final minor change). Director DuCuennois seconded the motion. Motion unanimously passed. Director Wheeler abstaining from the vote.

Partial Easement Releases. Ron reviewed the request to partially release a utility easement in Deer Run for a deck. The Board discussed the issues about releasing easements in general and future liability.

Director Fast moved to deny the easement release request for Deer Run. Director DuCuennois seconded the motion. Motion unanimously passed.

Big Sky Fire Department. Ron reviewed the Fire Department's request for a partial easement release the north side of the fire station lot. It is a platted easement on the Westfork Meadows plat. As such, the District cannot release it.

Director Fast moved to take no action and to send a letter to the Fire Department. Director DuCuennois seconded the motion. Motion unanimously passed.

OLD BUSINESS

BSOA Pond. Ron discussed the BSOA's plans for a new trail and the potential for a new bridge. The District has sewer and water mainline pipes underneath the bridge so the District will need to be involved with any project to build a new bridge.

Meadow Village UV Disinfection. The new UV system will be started on December 15, 2015. Staff will run the system for a period of time to insure it is operational.

5 Year CIP & Impact Studies. Carson Bise, TischlerBise will not be here in person for the first Impact Fee Advisory Committee meeting due to flight cancellations. The committee will still meet today and Carson will attend via GoTo Meeting. The Water CIP and Sewer CIP will be presented at the January 2016 meeting.

District Agreements- Yellowstone Club. Mike went through his legal opinion memorandum with board. He noted that the agreement is still valid. The timing for the disposal requirements of the agreement were not spelled out. After board discussion it was the consensus of the Board to write a letter to YC to confirm their ability to meet the terms of the agreement. Mike Cusick will further review any outstanding items with the Spanish Peaks Resort bankruptcy.

The Water Line Easement Agreement will be on the next month's agenda.

PROPOSED DEVELOPMENTS & SUBDIVISIONS

Spanish Peaks. Ron reviewed the wastewater flow data from Spanish Peaks. The analysis compared the flow over the past 2 years to the number of SFEs that have been permitted. The results show that the average is 120 gallons per day per SFE which is higher than expected. District staff will work to refine the measurement of the flow from Spanish Peaks Resort to confirm this data.

Sweetgrass Hills Tract A-1. The conveyance agreement for the new water line is ready for President Cronin to sign.

Montana Club. Boyne submitted several permit applications. They will be put on hold until the spring after the walk through have been completed for the new water and sewer mains.

Cascade Ridge. The board discussed the Cascade Ridge letter in the packet. Ron said there were no inspections on the water and sewer lines in the lower road and for that reason the District will not accept these extensions. The board discussed installing a single meter at the top to catch any leaks in the water lines and charge Cascade Ridge. The board asked that this item be on next month's agenda for further discussion.

Staff Succession Plan. No discussion.

Wastewater Solutions Group. Mike DuCuennois reported that he and others are working on a new committee for this and that the Gallatin River Task Force will be taking the lead role on this. Ron gave a brief overview on the November 18 meeting in Helena with DEQ staff.

Board of Director Vacancy. Ron discussed the board vacancy and handed out correspondence for two more candidates that have contacted the District: Kitty Clemens and Peter Manka, , and that he confirmed with Susan Swimley that there is no timeline requirement to appoint a new director. President Cronin requested that the board postpone selection of a new board member until the next meeting.

NEW BUSINESS

Transportation District Letter. After reviewing the letter, the board asked Ron to send a letter to inform them that the District does not have any land for a bus barn.

Annual Dinner.-Discussed the 3rd or 4th Friday of January with the last week being the best option.

Sewer & Water Permits. No discussion.

General Correspondence. No discussion.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday January 19, 2016, at 8:00 am.

ADJOURNMENT

Director Fast moved to adjourn the meeting at 11:25am, Director DuCuennois seconded the motion. Motion passed unanimously.



Dick Fast, Secretary

12-15-15. min (Board Approved 1/19/16)