

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – January 19, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, January 19, 2016, in the WSD Community Room. Director Brian Wheeler chaired the meeting with the following board members present: Mike Ducuennois, Tom Reeves, Brian Wheeler and William Shropshire. President Packy Cronin participated via conference call 8:20-9:15 am. Secretary Dick Fast participated via conference call from 9:30-11:12 am. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Grant Burroughs, Peter Bedell, Nic Wellenstein, and Eric Daniels.

Others present: Kitty Clemens, Big Sky Chamber of Commerce; Ray Armstrong, DOWL HKM Engineering; Karl Kasper and Mace Mangold, TREC Engineering; Peter Manka, Alpine Water; Malcolm Munkittrick and Carson Bise, TischlerBise; Jon Olsen, Lone Mountain Land Company; Suzan Scott, Big Sky Owners Association; and Steve Johnson, Big Sky Community Corporation.

PUBLIC FORUM

With no public comment, Director Wheeler called the meeting to order at 8:20 am.

CONSENT AGENDA

The final audit report is available online, or a hard copy is available.

Director Shropshire moved to approve the consent agenda items with the December 15, 2015, meeting minutes, the December financial report, and the operators' reports. Director Ducuennois seconded the motion. Motion unanimously passed.

WATER 5- YEAR CAPITAL IMPROVEMENTS PLAN UPDATE

Mace Mangold presented the water 5-year capital improvements plan findings and recommendations. The five improvements with estimated costs presented were:

- 1) mid-mountain replacement tank with a 500,000 gallon tank at \$622,000, or a 250,000 gallon tank at \$522,000. Edwards would recommend the 500,000 gallon tank. With the potential growth of Big Sky, Muscat encourages the District to not cut itself short on storage capacity.
- 2) Cascade wells sulphur (H₂S) treatment at \$100,000-\$200,000.
- 3) Upper Sweetgrass Hills fire flow improvements to average 1,500 gpm at \$39,000.
- 4) Install backup generators on the mountain village system if the mid mountain improvements are not made. Depending on generator size it will cost \$55,000 to \$70,000 per generator.
- 5) Pressure management improvements costing \$70,000 that will reduce leakage costs equating to \$233,000 in annual production costs. Muscat stated there is a present and future benefit of knocking the pressure down.

Director Reeves moved to approve Mace Mangold's extended bench study at \$5,000-\$7,000 and the cost for a chlorination pilot study. Director Ducuennois seconded the motion. Edwards talked about funding options for Mangold's five items presented. Director Reeves withdrew his motion until an estimated cost of the study is presented. Mangold will submit a formal proposal.

Director Reeves moved to approve up to \$10,000 for Mangold's preliminary work on the water CIP. Director Ducuennois seconded the motion. Motion unanimously approved. Mangold will submit a formal proposal.
(President Cronin left the meeting at 9:15 am).

Director Ducuennois would like the District to move forward with a pilot study on chlorination for the H₂S treatment in Cascade wells 5 and 6. Peter Manka suggested aerating the tank as an option to chlorination. Muscat reported that DEQ would require chlorination if aeration was done because of the potential of contamination.

WASTEWATER 5 YEAR CIP PLAN

Ray Armstrong presented an update on the CIP plan reviewing existing and future storage and disposal options. A summary of recommended improvements with timelines and estimated costs was presented. Planning for expansion needs to occur in 2018 and 2019 as the District will fall short on storage requirements. Using a growth rate projection of 6%, a third basin will be needed in 2021. (*Dick Fast joined the meeting online at 9:30.*) If additional storage and disposal capacity is not created, a moratorium could be implemented by DEQ. Director Reeves would like to raise the sense of urgency level for implementing improvements. The 2016-2017 recommended CIP projects could be funded with the District's existing \$3 million plant investment funds and the \$7 million plant asset replacement funds. A discharge permit will require a great deal of public relations and political work.

Director Ducuennois reported that the Wastewater Solutions Group, comprised of a wide variety of organizations and community members, is working actively to focus on solutions. Kristen Gardner, Gallatin River Task Force, has been asked to spearhead disposal solutions. The group will also be doing community outreach. They have a draft year and a half schedule of tasks with a budget of approximately \$240,000. Output is to come to a conclusion for the best option for disposal. The group will do a fund raising campaign so that everyone is a stakeholder in the wastewater solutions for a watershed protection plan. A meeting will be held next Friday to finalize the tasks and budget.

Burroughs reported that the District is currently pumping 480,000 gallons a day to YC.

WATER/WASTEWATER IMPACT FEE STUDY

Carson Bise, TischlerBise, provided an update on the impact fee study. Bise discussed collection and benefit zones and cost recovery and plan based approaches. Montana's impact fee act and its restrictiveness was discussed. TischlerBise is about 95% complete on the project, but will begin in earnest after getting the numbers information from the CIP plans. The draft impact fees should be available to present at the March board meeting. Bise stated that an "annexation" fee would be negotiated outside of an impact fee for any new properties annexed into the District. The next advisory meeting will be in late February, or early March.

BSOA POND RESTORATION & WAER RIGHTS PROJECT UPDATE

BSOA would like its pond restoration project done in the fall 2016. With staff changes at DEQ, there may be a delay in receiving a response. DEQ is required to respond within 180 days.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

Startup of the UV disinfection was done last month. It was then shut down and drained. The contractor is working on punch list items. When the punch list is completed, the District will test run the system again. SCADA has been tied into the system.

YELLOWSTONE CLUB AGREEMENT

A copy of the letter sent to the YC was provided in the board packet. The letter asks YC to come up with a plan to meet the demands in the agreement.

WATER LINE EASEMENT AND CASCADE WELL USE AGREEMENT

The Cascade wells water agreement in perpetuity with Boyne was entered into as compensation to Boyne for the District to obtain easements for water lines installed for the new wells in the meadow. The agreement gives Boyne wide open use of the wells 5 and 6 from October 20 to January 20. Boyne uses the wells for resupplying water in Lake Levinsky for its snow making. If Boyne uses the full amount available, it totals about 87 million gallons a year. There was discussion that this agreement is basically cutting the District short for final build out water demand. Boyne's use of this water has been occurring for a couple of years. Edwards is having Mike Cusick review this use as it relates to the District's water rights. If the Boyne is going to expand its snowmaking to Southern Comfort, then place of use could be an issue. Edwards stated that place of use on the water right should be updated. Mangold has not addressed the water rights capacity. Director Wheeler asked Mangold to integrate Boyne's maximum usage provided in the agreement into the District's water CIP. Muscat suggested that Boyne and the District explore water sources in the Southern Comfort area just for snowmaking. If the wells are chlorinated, that water cannot be used for snowmaking as chlorination has to be shut in.

DEVELOPMENTS & SUBDIVISIONS

Spanish Peaks Resort Phase 8: The sewer work in Phase 8 is finished. The transfer agreement is being finalized. The warranty security will be for two years with a bond posted.

Sweetgrass Hills Tract A-1: The close out conveyance agreement documents have been submitted. The developer, Altman, will have some clean-up work to complete in the spring.

Cascade Ridge: When the water line at the end of cul de sac in this development was installed, it was never inspected. No certified as-built drawings were ever prepared and submitted to the District. With the new condominium units going in, the District has proposed that the HOA maintain ownership of this water line and require a master meter on the line. The District has not heard back from the developer, Lilly Lopker. Once the proposal is agreed to, a document will be recorded. The sewer line is already maintained by the HOA/developer.

BOARD OF DIRECTOR VACANCY

The background information on applicants was provided in the board packet. There is no statutory time frame requirement for appointing someone to this vacant board position. Director Wheeler stated that President Cronin is comfortable with whatever the board decides.

Director Reeves moved to approved Bob Shanks to fill the board vacancy. Director Shropshire seconded the motion. Discussion. Shanks meets the requirements to fill the vacancy. Motion passed, 4 yea votes to 1 nay vote cast by Director Ducuennois.

With President Cronin absent, *board reorganization will be addressed at the next board meeting.*

STAFF SUCCESSION PLAN

Edwards and Director Reeves will meet with Karl Kasper to finish the draft for the next meeting.

WASTEWATER SOLUTIONS GROUP

Director Ducuennois would like *Kristin Gardner to present at the next WSD board meeting.*

SEWER & WATER PERMITS

Edwards reported we have approximately 42 SFEs remaining for permitting. *Edwards will prepare an ordinance to release additional SFEs.*

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action. The response to David Kack regarding the Skyline's bus barn request was in the board packet. *Edwards will follow up with Scott Altman on the land transfer of one-acre parcel in Sweetgrass Hills, Tract A-1.*

ANNUAL DINNER

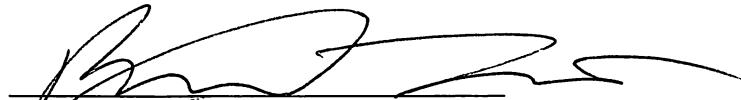
The annual dinner will be at Olive Bs on January 29 beginning at 6 pm.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, February 16, 2016, at 8:00 am.

ADJOURNMENT

Director Shropshire moved to adjourn the meeting at 11:12 am. Motion seconded and unanimously passed.



Dick Fast, Secretary

1-19-16. min (Board Approved 2/16/2016)

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – February 16, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, February 16, 2016, 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, Tom Reeves, Brian Wheeler, Robert Shanks, and William Shropshire. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, and Grant Burroughs.

Others present: Andrea Saari, Gallatin River Task Force; Ryan Hamilton, Big Sky Town Center; Jon Olsen, Lone Peak Land Company; Steve Johnsen, Big Sky Community Corporation; and Suzan Smith, Big Sky Owners Association.

PUBLIC FORUM

With no public comment, President Cronin called the meeting to order at 8:02 am.

CONSENT AGENDA

Smith asked for an amendment to the capital improvements budget for a new truck and equipment to replace a sewer operations truck that is no longer in service.

Director Shropshire moved to approve the purchase of the truck with the additional equipment. Director Wheeler seconded the motion. Funds in the replacement reserve will be used for the \$60,000 purchase price. The District will try to sell the old truck as salvage. Motion passed unanimously.

Director Reeves moved to approve the consent agenda items with the January 19, 2016, meeting minutes, the January financial report and the operators' reports. Secretary Fast seconded the motion. Motion unanimously passed.

SHORT TERM INVESTMENT POOL (STIP) RESOLUTION

The Montana Board of Investments is formalizing its STIP participation process by requiring participants to adopt its draft resolution provided in the board packet. At the next WSD board meeting, a formal resolution will be presented for board approval that authorizes the District's participation in the STIP.

BOARD OF DIRECTORS – ELECTION OF OFFICERS

With the resignation of Les Loble, the vice-president position is vacant. The board also has the option elect a new slate of officers.

Secretary Fast moved to nominate Director Tom Reeves for vice president. Director Shanks seconded the motion. Motion unanimously passed.

Director Shropshire moved to re-elect Packy Cronin and Dick Fast to their respective current positions, President and Secretary. Motion seconded by Director Shanks. Motion unanimously passed.

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

The Montana Department of Environmental Quality (DEQ) has not yet responded to the application submitted in November, 2015. DEQ has 180 days to respond.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

The UV project punch list is complete. The system will be retested after the control board is replaced by the contractor's technician. The one-year warranty should start after the retesting.

Water Operations: The arsenic detection in the meadow could have been a result of a bad sample. Muscat's report noted that retesting showed no further detection of arsenic. DEQ's correspondence was discussed. No additional arsenic sampling is required and no public notification is required.

5 YEAR CIP & IMPACT FEE STUDIES UPDATE

An email providing an update on the progress of the CIP and impact fee studies from Malcolm Munkittrick, TischlerBise, was distributed.

DISTRICT AGREEMENTS

Yellowstone Club (YC) Agreement: YC has not responded to the District's letter sent in January. Director Ducuennois stated that *YC's response will be available a week before the next board meeting*. The board discussed the need for the District to move forward on a resolution for YC to meet its obligations. Without YC's commitment for storage and disposal, the District will be out of capacity. The District has fulfilled its obligations. YC and SP are getting ahead of themselves in what the District can provide for storage and disposal. Answers are needed before permitting can move forward. Director DuCuennois noted, thus far, YC has upheld the agreement. He also reported on the disposal options YC has been exploring. Director Ducuennois feels that the YC agreement calling for 160 million gallons of disposal can only be met through irrigating the woods. Not only does the 160 million gallons not meet the overall disposal needs of the District, Ducuennois feels that this type of disposal would not be an appropriate, or wise, use of resources. The community itself has a problem and the agreement is only a band aid to the future. Ray Armstrong's report addresses the needs of the entire community. The consensus of the board was to support collaborative work, but the board's fiduciary responsibility is to the rate payers in the District. The District needs to continue moving forward in solving the District's storage and disposal needs. The board will review YC's letter at the March board meeting.

Jon Olsen reported that the Spanish Peaks pond is moving forward. SP's pond application will be submitted soon to DEQ for approval. Commenting from the aspect of firefighting, Steve Johnson said that the ponds are important for wildlands fire protection.

Water Line Easement and Well Use Agreement: Mike Cusick has reviewed the agreement with Boyne. His findings will be presented at the next meeting. The gist is that the State may, or may not, approve the water rights use. Effluent snowmaking, treating wastewater to a higher standard, and a possible discharge permit were discussed. Recognizing its current need for snowmaking and knowing that it could also be a big portion of treated wastewater disposal, Boyne has asked the District to help them map its existing snowmaking system. Spanish Peaks will also need snowmaking for ski terrain access. This snowmaking may require public relations because of the concept. It was noted that the golf course irrigation does not require a discharge permit.

DEVELOPMENTS AND SUBDIVISIONS

Spanish Peaks Resort Phase 8A: Edwards is working on the sewer conveyance agreement. Spanish Peaks will post a two-year warranty bond based on the engineers' schedule of values.

Sweetgrass Hills Tract A-1: The land transfer to the District has not occurred. A boundary line adjustment needs to be done for the transfer of the one-acre parcel. Until the transfer is complete, Edwards will hold up the recent permit application for the next building. If the board is to consider community recycling as a use on the land, concerns such as cleanliness, hours, monitoring, etc. must be addressed. Steve Johnson reported that there is a community campaign for Republic Services to offer curbside recycling. Director Ducuennois noted that another refuse container could be problematic since it will require storage in addition to curbside pickup. Gallatin County is not providing financial support for recycling in Big Sky.

Cascade Ridge: Edwards will contact the developer about the District's proposal for the developer/HOA to maintain ownership of the water pipeline installed without inspection and without engineer certified as built. Without the water line being verified, the District does not want the maintenance responsibility of the line. No permits will be issued for Cascade Ridge until the issue is resolved. The District has already required the developer/HOA to own and maintain its force main sewer line. To ensure that the developer and buyers are educated on water and sewer line ownership and maintenance responsibility, Director Wheeler asked that a title abstract be filed on the properties once the responsibility is sorted out. To avoid future problems, though, Director Wheeler suggested that the District require the lines be done the correct way--dug up, inspected, and as built prepared.

Cascade Subdivision, Lots 281-283 Aggregation & Sewer Realignment: A 3-lot aggregation is being done to accommodate the building of a large house. The owner will be responsible for the sewer line realignment. *The board directed Edwards to contact the adjacent land owner to inform them of the proposed project. Edwards will talk to the engineer, Terry Threlkeld on this project.* It was noted that there is an access driveway to the neighboring house on the corner of one of the aggregated lots and this neighbor's house also appears to be built in the setback.

STAFF SUCCESSION PLAN UPDATE

There has been no progress on the staff succession plan. Vice President Reeves and Edwards will work on the staff succession plan in two weeks.

WASTEWATER SOLUTIONS GROUP UPDATE

Kristin Gardner reported that the forum group will be renamed. To decide if the collaborative effort will work, a professional facilitator will interview the group of stakeholders by the end of March that Gardner identified. If the facilitator decides that the collaboration will not work, the process will be revisited by possibly reducing the number of stakeholders. YC, WSD, and the Gallatin River Task Force will meet next week to set a budget and identify sources for financial support of approximately \$15,000 for the initial work to be done in 18 months. The proposed project completion date is June 2017. Gardner intends to request resort tax funding. According to Director Ducuennois, the intention is for all stakeholders to financially contribute to the wastewater solutions. The District has not yet agreed to any funding. Edwards explained his reluctance in hiring a third party to reinvent the wheels on solutions that have already been studied. If the District participates, it will cost the District money with the initial stakeholder funding, plus paying for Ray Armstrong's engineering service. Appointing a subcommittee was suggested. Edwards and Directors Wheeler and Ducuennois will attend the meeting. With Wheeler intending to represent Boyne and YC being represented by Ducuennois, discussion of other board members attending ensued. As long as no more than four WSD board members attend, any board members can attend the wastewater solutions group meetings. *The board directed Edwards to obtain a legal opinion on this. Gardner was asked to bring the Resort Tax Board up to speed on the Wastewater Water Solutions Group at its meeting this week.*

The board would like the following considered: 1) What happens if the group comes up with solutions that do not support the District's goals and efforts. 2) Wastewater solutions must be an urgency as the District will be out of capacity in 2022 using a projected 6% growth rate. 3) Delays in solutions could slow down the District's ability to meet its fiduciary responsibilities. 4) If the solutions group does not work out, the District needs to possibly move forward with a discharge permit which is within its right. 5) Two different distinctions for capacity need to be identified; one for the District's current obligations and another for serving properties outside of the District's current boundary. 6) The District has to make a good faith effort to work with all the groups identified.

Vice President Reeves noted that the advantage of the wastewater solutions group is that it could bring everyone together on solutions. Director Ducuennois stated that Gardner's work will solidify the solutions that will be beneficial to all parties.

SEWER & WATER PERMITS

Edwards reported that the Spanish Peaks Lodge will need board approval when its permit application is submitted. With SP proposing uses that do not fit the District's SFE conversion schedule, SFE calculations are being reviewed. The board discussed the option of approving SP's permit application subject to modification of the sewer plant investment charge if that fee is changed through the Capital Improvement Plan impact fee study.

ANNUAL DINNER

It was noted that, over the years, the District has rotated the location and date of the annual dinner to accommodate the proprietors. The dinner should be scheduled to accommodate the District's schedule. The proposed date for the annual dinner is now Tuesday, April 19.

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.


District Parking Lot: Board members discussed the lack of parking spaces available in the District's lot this morning for its 8:00 am meeting. The board wants the parking agreement with the Meadow Center enforced with no overnight parking allowed. Edwards will talk to Brian Scott at Lone Pine Builders and to Alpine Property Management to prevent the violations.

NEXT MEETING

To accommodate spring break schedules, the next Board meeting is tentatively scheduled for Tuesday, March 22, 2016, at 8:00 am. Director Shanks will participate via conference call. Secretary Fast will not be available.

ADJOURNMENT

Secretary Fast moved to adjourn the meeting at 10:00 am. Vice President Reeves seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Special Meeting Minutes – March 9, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a special meeting on Wednesday, March 9, 2016, in the WSD Community Room. President Packy Cronin called the special meeting to order with the following board members present: Secretary Dick Fast and Directors Mike DuCuennois, Tom Reeves, Brian Wheeler, Robert Shanks, Director Bill Shropshire was not present. WSD staff present: Ron Edwards, Terry Smith, Jim Muscat, Grant Burroughs and Peter Bedell

Others present as noted on sign-in sheet: Tony Kolnik, West Gallatin Water Rights Owner, Casey Drayton, Big Sky Owners Association, Bob Zimmer QYC, Susan Swimley, BSWSD Attorney, Steve Johnson, Big Sky Resident, Margo Magnant, Big Sky Chamber, Andrea Saari, GRTF.

PUBLIC FORUM

President Cronin called for public comment at 8:30am.

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

NEW BUSINESS

Background Ron Edwards reviewed the agenda regarding the Yellowstone Mountain Club Pond Spill. Ron directed all to website see write up. Sam Burn and Yellowstone Mountain Club in will test the well for property adjacent to the pond spill, both YC and BSWSD will help in the process of well testing. Bridger Analytical will perform the testing. GRTF will also be involved in the testing.

Fish Wildlife and Parks will visit the site by the end of the week

DEQ Update- Larry Alheim- See their website for sampling detail and status update, DEQ will return on Friday 3-11-16, work will continue with DEQ and YMC engineers. DEQ test results will be available soon! What they will do with regard the violations is under consideration. Remote monitors were considered but may not be cost effective.

YC Pumping & District Capacity-YC is now dumping treated water at BSWSD manhole in Spanish Peaks. The District has sufficient capacity to continue through June 9, 2016 without any irrigation taking place. However, irrigation will start May 1, 2016, Grant Burroughs believes the District plant and ponds will be able to handle the additional flows from YMC

Current Status & Repair Plan-Mike Ducenois said the YMC engineers are working with the Districts and will insure that the design and fix are adequate. Mike has M&M working with Dowl from the District and using all the original plans and should have more information on the project after a meeting scheduled for today. The engineers will meet with all the parties involved represented and get the preliminary work underway. Mike said the work should take 5 or 6 days to complete. The restoration and mitigation will be a separate submittal to DEQ. Based on discussions with DEQ to date it appears DEQ will be able to expedite the reviews for the repair according to Edwards and Ducenois. No indications that the sleeve pipe has any breaches. YMC will be replacing all the interior pipe and will video the inside of the sleeve to insure no breaches.

Edwards will have a couple of evening meetings at the District office to update the public that were not able to attend the meeting today. They will not be meetings with a quorum of the BSWSD Board.

President Cronin discussed the BSWSD capacity and the Districts apparent ability to handle the quantity of additional flows from YMC and asked for questions from the Board. All members of the BSWSD Board present were comfortable with BSWSD accepting YMC flows.

Districts attorney Susan Swimley said the District handled the situation adequately.


Meeting adjourned at 9:30am

NEXT MEETING

The next regularly scheduled Board meeting is tentatively scheduled for Tuesday, March 22, 2016, at 8:30 am.

ADJOURNMENT

Director Tom Reeves, moved to adjourn the meeting at 9:30 am. Director Dick Fast seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

3-9-16. min (Board Approved 3/22/16)

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – March 22, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, March 22, 2016, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves, and Directors Brian Wheeler, Bob Shanks, and William Shropshire. Secretary Dick Fast participated via conference call until 9:00 am. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: Kevin Kundert, Four Corners WSD; Kristin Gardner, Gallatin River Task Force; Bob Zimmer, Great Yellowstone Coalition; Malcolm Munkittrick, TischlerBise; Dustin Shipman, Big Sky School District; Jon Olsen, Lone Mountain Land Company; Suzan Scott, Big Sky Owners Association; Amanda Eggert, Outlook/Explore Big Sky; Kristen Brown, SP property owner; Michael Annandono and John Kirby, Michaelangelo's, and Jessie Weiss, Big Sky resident.

PUBLIC FORUM

President Cronin called for public comment at 8:00 am.

Kristen Gardner asked the board to support a \$20,000 DNRC water conservation grant application for the Gallatin River Task Force (GRTF). The District's support would come thru grant sponsorship, receiving the funds, and then transferring the funds to GRTF for project management. Public entity sponsorship eliminates a 70% public match. The grant application deadline is April 15, 2016. The board will act on Gardner's request later in the meeting.

Dustin Shipman, Big Sky School District #72, explained the intent of its levy is for finishing the facility. Shipman distributed pamphlets providing details about the levy and projects it will fund.

With no further public comment, President Cronin called the meeting to order at 8:10 am.

CONSENT AGENDA

Using projected flows, and without any disposal, the pond overflow date is June 10. With golf course irrigation and pumping to YC's pond, Burroughs stated that overflow will not be an issue.

The financial reports show the District is running a deficit. Smith reported that the District will be in the black after the 1st quarter billing. Smith sees no issues going forward.

The water operations updated SCADA central control system software and remote telemetry stations will be purchased after July 1. Asset replacement funds will be used for the purchases.

Director Shropshire moved to approve the consent agenda items with the February 16 and March 9, 2016, meeting minutes, the February financial report, and the operators' reports. Vice President Reeves seconded the motion. Motion unanimously passed.

5 YEAR IMPACT FEE STUDY

Edwards reviewed the background on the 5-year impact fee study. Malcolm Munkittrick's power point presentation provided an update where he reviewed infrastructure financing options, water and sewer impact/capacity fees and the rationale for these fees. Munkittrick recommended 5-7 years for spending the fees collected and also recommended revisiting fees every 3-5 years.

The District has never had an inventory model for spending the fees. TischlerBise used 83 gallons per day per SFE at a growth rate of 4.09% for calculating fees and water demand projections. The proposed approximate \$3,000 PIC fee per SFE was \$810.02 for water and \$2,144.33 for sewer. Adding in the new UV treatment system will increase the fee a little. The combined PIC fee is a \$500 decrease from the \$3,500 per SFE for sewer currently charged. The \$3,500 Boyne surcharge per SFE should not change as this fee was set in a settlement agreement. The PIC fee is not for long-term planning and does not contemplate any water improvements on the mountain. Edwards recommended that the fees include long term planning. Edwards does not want big fluctuations in the PIC. According to Munkittrick, if PIC fees are collected when using a plan-based approach, the projects have to be done. Director Shropshire noted that if the water impact fees could be implemented now, the District could then go to a plan-based approach when projects are identified. Munkittrick's proposed fees and a new fiscal year budget will be presented at the April board meeting. Armstrong will present the final CIP plan at the April meeting, too. It is up to the board to set a schedule to adopt a fee change. Edwards would like both sewer and water PIC adopted at the same time. If new fees are adopted, they will be applied to any new permits. If the rate is to change, a public hearing is required, which is good timing with the District's budget hearing. Smith reported that the proposed PIC changes are not included in the rates in the draft budget.

The rate advisory committee will meet later today. Munkittrick will consult Carson Bise on what role the advisory committee plays in adopting new fees.

AMEND AGENDA

Vice President Reeves moved to amend the agenda to address Michelangelo's remodeling permit. Director Ducuennois seconded the motion. Motion unanimously passed.

MICHAELANGELO'S RESTAURANT REMODELING PERMIT

Edwards reviewed the permit history of the property. With winter construction, the District already consented to Michaelangelo's using the existing sewer line for the required grease trap. New construction requires a separate line for the grease trap. Michaelangelo's is now asking for relief on the permit fees on the SFE increase from the change of use from retail to restaurant. John Kirby stated that the fee was incredibly high for an existing building, is confusing, and he would like the District to look at the impact this fee creates for a new business. The lot was originally owned by Boyne and subject to \$3,500 per SFE surcharge per the Boyne settlement agreement. Edwards thought that the PIC should apply, but did not think the intent of the surcharge was to apply it to new owners remodeling where the building footprint was not expanded. The District does not have a policy on the surcharge as it applies to a new owners remodeling. There was discussion if the surcharge is not applied on remodels would this lessen the District's ability to meet the original goal of Boyne's responsibility for capital costs. Also discussed was the increased impact of a restaurant as compared to retail, the Michaelangelo's not paying for infrastructure, and the restaurant opening without a paid permit. It was asked if the surcharge has been paid on other remodeling permits for previously owned Boyne property. Director Wheeler feels that Boyne should probably pay the surcharge on increased SFEs if they apply for a remodeling permit for its property. He did not think that a new owner applying for a remodeling permit should pay the surcharge. The board agreed that if Boyne applies, they should pay the surcharge as they will use SFEs in its pool. The board also agreed that the applicant must pay the PIC on the increase in SFEs, but not the surcharge. The board recommended reviewing the surcharge on a case-by-case basis for future remodeling permits.

Director Reeves moved to waive the \$3,500 Boyne surcharge per SFE on Michaelango's restaurant remodeling permit. Director Ducuennois seconded the motion. Call for discussion. Director Wheeler stated that it is appropriate to waive the surcharge if the additional assigned SFEs are not Boyne's SFEs. Motion unanimously passed.

SHORT TERM INVESTMENT POOL (STIP) – Resolution 16-01

Resolution 16-01 provides authority to the District to act on its District STIP account.

Vice President Reeves moved to approve Resolution No. 16-01, Participation in Short Term Investment Pool Investments. Director Shropshire seconded the motion. Motion unanimously passed.

ORDINANCE 16-1001: RELEASE OF 300 SFES

The proposed ordinance releases 300 SFES for permitting. This would provide enough SFES to approve the backlog of permit applications in addition to the estimated 277 SFES for the new SP Lodge. Without having a formal capacity letter from Ray Armstrong for the release of the 300 SFES, the board wanted current capacity qualified by the engineer. Vice President Reeves suggested reducing the release of SFES to 50 or 100 and to not waive the three readings. Citing Secretary Fast's request to be present for this discussion, Vice President Reeves recommended delaying a vote on the release of SFES until the full board is present.

Director Ducuennois moved to approve the first reading of Ordinance 16-1001: Release of 300 SFES subject to Ray Armstrong providing a letter on capacity. Director Shropshire seconded the motion. Motion unanimously passed.

YC PUMPING & DISPOSAL AGREEMENT

Legal counsel, Susan Swimley drafted the agreement which addresses the YC treated wastewater being hauled to the District. The District currently charges \$.05 per gallon to small volume private haulers for dumping at the treatment plant. The YC's 618,000 gallons dumped as of 3/21/16 is a tremendous impact to the District's system. A rational rate needs to be charged for the treatment, energy costs for pumping, and staff time. There was a tweak to the language in the "whereas" clauses, and paragraph 2a including treatment and capacity costs.

Director Reeves moved to give Edwards the authority to negotiate the fee with YC on the YC Pumping & Disposal Agreement. Director Wheeler seconded the motion based on Edwards and Director Ducuennois working out the numbers. Motion unanimously passed.

YC POND SPILL UPDATE

Director Ducuennois reported that YC received DEQ approval last week for the pond repair plan. YC is on day 3 of the repair. The lining repair crew are scheduled to be in Big Sky on Thursday. DEQ is inspecting repairs. The pond repair should be done by Sunday, or Monday, of next week at which time trucking of YC effluent to the District will cease. The District should be able to pump to the YC pond in 10-14 days. DEQ will require a leak down test of the pond every three years where the pond will need to be filled up to the 80 million gallons. When these tests are conducted, the District will not be able to pump to the YC pond for two weeks. Director Ducuennois reported that DEQ will issue a consent decree that will include an outline for restoration work that all parties will have to sign. Regarding enforcement, Director Ducuennois stated that this will probably involve DEQ and YC only. YC and WSD will work together on collaborative operations and maintenance.

Edwards noted that the District's wastewater storage pond was previously under dam safety review, but that review was eliminated by DEQ several years ago. Edwards has recommended to DEQ to reinstitute this 5-year safety inspection. DEQ has been very responsive. Edwards will continue to provide an update on the YC pond repair on the District's website. Director Ducuennois will provide pictures of the repair work for the website update. Edwards will still hold a public meeting at the District to communicate information on the pond spill. He will have a public notice published in the Explore paper. Director Ducuennois noted that the YC and the District have both been very transparent throughout this event.

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

Edwards noted the email from Carl Uhlig where he reported that he is trying to get an update from DNRC. Susan Scott, BSOA, has not heard anything.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

Atlantium was here on Saturday to replace the faulty control board. The unit is online and ready to be tested.

DISTRICT AGREEMENTS

Yellowstone Club Agreement: The District received YC's response to its January letter. Edwards will forward the response to Mike Cusick for review. In light of all the recent factors, President Cronin wants the current situation reviewed and wants Cusick to answer if the agreement has been breached. If the agreement is broken, per Ducuennois, and the agreement is breached then the board needs to move forward. President Cronin wants to see more than a line in the letter saying that a pond site has been identified. Vice President Reeves reported that the District spent \$2.5 million to build a pipeline to YC to get the storage and disposal per the YC agreement. Additionally, YC's 80 million gallon pond has had periods when it has been out of service. Without being close to having alternative solutions for disposal capacity needs, Vice President Reeves asked if the District should request YC to build the third pond. Director Ducuennois stated that the capital costs to build pond 3 could be used more effectively elsewhere. Edwards was not in support of building a third pond that the District will not have 100% control over. He feels that the District needs disposal alternatives such as a discharge permit to the stream, or for snowmaking. Edwards has discussed a discharge permit with DEQ and they understand why the District would want the option of discharging. Edwards wants the design for a pipeline done. With the YC pond failure, Director Shanks supported moving forward with discharge. Due to the public relations issue with discharge, Director Shropshire suggested that the District look into treating its wastewater to a higher standard. Director Shropshire recommended that the District write a letter to YC requiring the completion of phase 2, the Spanish Peaks storage pond. To avoid unforeseen technicalities, the board discussed the need to send the letter to all entities that signed the YC agreement. Edwards reported that the District is looking into a fail-safe system for draining a pond in the event of a future pond spill.

Water Line Easement and Well Use Agreement: The Wells 5 and 6 Use Agreement was reviewed by WGM. WGM is unsure if this is an allowed use.

DEVELOPMENTS AND SUBDIVISIONS

Spanish Peaks Resort Phase 8: The performance bond has been received. Edwards needs to draft the conveyance for President Cronin's signature.

WASTEWATER SOLUTIONS GROUP UPDATE

Correspondence on the estimated \$200,000 project was included in the board packet. According to Gardner the scope will be modified in April to scale back the costs. Phase 1 is funded at \$15,000. The Gallatin River Task Force will submit a resort tax application and will also ask the WSD board for funding participation. Interviews with stakeholders are being done. There was discussion concerning the three participating WSD board members not being able to represent the opinions of all board members. To reconcile differing opinions, Edwards stated that each board member could be interviewed. Vice President Reeves noted that when it comes to the funding request, that is where all board members will have the opportunity to weigh in.

STAFF SUCCESSION PLAN UPDATE

A recommendation will be submitted for board review at the next meeting.

SEWER & WATER PERMITS

Michaelangelo's application and the release of SFEs was addressed earlier in the meeting.

WILD & SCENIC MEETING

On March 25th there will be a meeting to move forward on designating the Gallatin as wild and scenic. Director Shropshire stated that the District can post the meeting if four board members want to attend. Edwards will post the meeting on the District's website and at the post office.

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

NEXT MEETING

To accommodate board members' schedules, the next meeting is tentatively scheduled for Thursday, April 28, 2016, at 8:00 am.

RESORT TAX APPLICATION

Due to lack of resort tax board support for WSD applications in the last few years, Edwards suggested that the District not ask for resort tax funding this year. The board agreed.

DNRC WATER SHED PROTECTION GRANT

Kristen Gardner asked the Board to approve her request to sponsor the DNRC grant application.

Vice President Reeves moved to sponsor the Gallatin River Task Force's grant application for the water shed protection program with DNRC. Director Shropshire seconded the motion. Motion unanimously passed.

ADJOURNMENT

Director Shropshire moved to adjourn the meeting at 11:35 am. Director Ducuennois seconded the motion. Motion unanimously passed.



Diek Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – Thursday, April 28, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Thursday, April 28, 2016, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves and Directors Brian Wheeler, Bob Shanks, Mike Ducuennois, and William Shropshire. Secretary Dick Fast participated via video call. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: Kristen Gardner, Gallatin River Task Force; Ray Armstrong, Dowl HKM; Jon Olsen, Lone Mountain Land Company; Steve Johnson, Big Sky Community Corp., Ryan Hamilton, Big Sky Town Center; Charles Drimal, Greater Yellowstone Coalition; Suzan Smith, Big Sky Owners Association, George Schunk, Bay City Vision, Helena; and Gina Sherman. Another person was in attendance, but he did not sign in.

PUBLIC FORUM

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

CONSENT AGENDA

Director Reeves moved to approve the consent agenda items with the March 22, 2016, meeting minutes, the March financial report, and the sewer and water operator's reports. Director Shanks seconded the motion. Motion unanimously passed. Due to telecommunication difficulties Dick Fast could not be heard.

PRESENTATIONS

Wild & Scenic Designation for Gallatin River: Charles Drimal distributed a handout and made a power point presentation on Greater Yellowstone Coalition's (GYC) efforts to obtain a "wild & scenic" designation for the Gallatin River that would prevent degradation. The Big Sky Region of the "wild & scenic" act includes Gallatin, Taylor Fork and Porcupine. Drimal reviewed what the "act" does and the reasons for its legislation, including GYC thinking it would be important to Big Sky's economy, growth, and quality of life. GYC has not received a response on its request for clarification of effluent discharge to the river with regards to a "wild & scenic" designation. Drimal asked the board for a formal endorsement for support on the "wild & scenic" designation. Board members felt that they could support the legislation if it does not impede the District's ability to get a discharge permit, but questioned whether the District endorses it. Questions and concerns discussed included: 1) What protection would the act provide over what DEQ's oversight already provides? 2) What impact would the designation have on future upgrades to the transportation corridor? 3) Obtain clarification and flexibility on the transportation corridor before endorsing the proposed legislation. 4) Have legal counsel review the impact of a board decision and also a board decision without seeing the wording of the bill. 5) There are some inconsistencies that the District needs to consider before endorsing the designation, i.e. the budget includes a pipeline to the river only for reserving funding for the project, but not building it this year. 6) What are the consequences and unintended consequences of endorsement? 7) If discharge meets the clean water act by DEQ standards, would the designation affect obtaining a discharge permit? 8) Degradation standards could make it difficult to get a discharge permit as requirements will change. 9) The board needs to know what standards will have to be met for discharge and the cost to meet those standards.

Drimal understood that clarifications are needed and GYC is working at getting the answers. The “act” is not meant to inhibit maintenance of infrastructure along the corridor. For future transportation upgrades, Drimal supports a line item be written into the legislation to prevent disputing, or impeding, future upgrades. Drimal assured the board that the GYC would not get in the way of a discharge permit. He feels that discharge can be a benefit to the quality of the Gallatin and believes that there are positive aspects of discharge. If GYC supports discharge, there is a positive political aspect of the District supporting the “wild & scenic” designation. *The board was in agreement to not take action on Drimal’s request today.* The board suggested that a management level person of GYC engage with the board, answer questions regarding degradation, and provide formal written answers to the board’s questions and concerns.

Big Sky Sustainable Water Solutions: Kristin Gardner summarized the project status of the formerly named Wastewater Solutions Group and reviewed the total budget of \$311,119. Communication regarding the project was provided in the board packet along with Gardner distributing handouts. All stakeholder participants interviewed supported the project. Gardner asked the District for \$12,345, which is one third of the initial funding total cost. Yellowstone Club and Lone Mountain Land are funding the remaining two thirds. Gardner could not guarantee they would not come back to the District for additional funding if other entities do not provide monetary support. If the group does not get funding from the counties, they will ask for additional resort tax funds and possibly apply for a grant from the state. The GYC is making a budget request for a small contribution. Vice President Reeves recommended that Gardner get a firm commitment from the counties for financial support. Director Shanks asked what will happen if the study group’s recommendations do not support the District’s goals. Board members felt that the District does not have to accept with the group’s decision, but the information gained is a tool that may help the District craft its own decision. President Cronin stated that this is a good opportunity, but the District has a boundary that the board is responsible for. If spending money on this benefits our constituents, then we can go forward. Director Wheeler feels this is a benefit to the District as it is looking at the global picture of Big Sky.

Vice President Reeves moved to fund Big Sky Sustainable Water Solutions for \$12,345, using funds out of restricted water reserves. Director Wheeler seconded the motion. Call for discussion. The District’s contribution will show the resort tax that other entities in the community support the group’s project. Motion unanimously passed.

FY 2016-2017 DRAFT BUDGET

Smith provided an overview of the three-year draft budget. A 4% increase is proposed for fiscal year 2016-2017. For the following two years, a 1% increase is proposed. With the proposed budget increase, the District will have to notice and hold a public hearing.

Vice President Reeves moved to appoint a budget committee of Bob Shanks, Dick Fast and Tom Reeves with a budget to be presented to the board at the next meeting. Director Wheeler seconded the motion. Motion unanimously passed.

DISTRICT ORDINANCE 16-1001: RELEASE OF 400 SFES (Second Reading)

With less than 10 SFES available for permitting, Edwards increased the SFES in the second reading of the Ordinance from 300 to 400. This would provide sufficient SFES this summer for anticipated permits (i.e. Spanish Peaks Lodge). Edwards distributed Armstrong’s letter

addressing capacity to release 400 SFEs. Armstrong reported that his recommendation assumes that the District has its current rates of disposal options, not what the numbers in the YC agreement state, and including Spanish Peaks. The 400 SFEs are equivalent to 11.75 million gallons per year (MGY). Including SP, Armstrong reported capacity is at 182 MGY. Approving these 400 SFEs would take the District to an annual flow of 144.32 MGY, with 1/8 capacity remaining. Director Shropshire stated that he is uncomfortable with approving SFEs where the District is over 80% of disposal capacity. Vice President Reeves noted that with current resources, and without a new disposal plan, the District is reaching disposal capacity. President Cronin does not agree with the District's practice of first come, first serve for SFE permitting without YC fulfilling its obligation for storage and disposal. Director Wheeler feels that with the Boyne golf course providing for 140 million gallons of disposal, it should have priority over SP for SFE permitting. It was noted that District policy requires board approval for permit applications over 25 SFEs. Jon Olson reported that the SP Lodge is on hold right now. Armstrong reported that he has submitted SP's application to DEQ for approval. With the District needing to be able to control its own destiny, Board members discussed moving forward on engineering for a pipeline and discharge disposal.

Director Shropshire moved to approve the second reading of Ordinance 16-1001: Release of 400 SFEs. Director Shanks seconded the motion. Motion unanimously passed.

Director Reeves moved that on an interim basis the board approve a portion of the 400 SFEs at 50 SFEs for immediate use and to waive the three readings. Director Ducuennois seconded the motion. Call for discussion. A third reading and approval on the remaining 350 SFEs will be required. Motion unanimously passed.

TRANSPORTATION STUDY SUPPORT LETTER

Edwards explained that the District has been asked to support this transportation study being requested by the Big Sky Chamber of Commerce. The chamber is not asking for District funding. The board did not see any down side for support as long as it is not financial support.

Director Shanks moved to support the transportation study letter. Director Ducuennois seconded the motion. Call for discussion. Motion unanimously passed.

MDOT AGREEMENT FOR ENCROACHMENT FOR MOUNTAIN LAKES CONDOS

Mountain Lakes' new sewer line will encroach in the Montana Department of Transportation's (MDOT) right-of-way for a short distance. The MDOT now requires a signed standard agreement form when a sewer and/or water main are to be constructed within the highway right-of-way. This dissolves MDOT of any responsibility of the lines. The county also has to sign an agreement. Edwards recommended the District sign the letter. Legal counsel has not reviewed the document. *The board directed Edwards to have Susan Swimley review the MDOT agreement. Board action was tabled until legal review has occurred.*

YELLOWSTONE CLUB SPILL UPDATE

Edwards reported that the YC pond has been repaired. The Department of Environmental Quality will probably take until the end of the year to issue a fine. The District plans to start pumping about 10,000 gallons per day to the YC pond in June. If needed, the District can pump earlier.

5 YEAR CIPs & IMPACT FEE STUDY UPDATE

Impact Fee Study: Malcolm Munkittrick's, TischlerBise, narrative report was presented. The combined charge is proposed at \$2,878.84 per SFE, with \$517.41 per SFEs for water and \$2,361.43 per SFE for sewer. The Simkins' group understands that the water impact fee will apply to Town Center as there is nothing in the Westland's settlement agreement that excludes them from this fee. President Cronin's goal is to have all parties agree before a new PIC is adopted. The PIC needs to be defensible and fair. The fee will be finalized for the budget hearing. It was reported that the advisory group has been great to work with.

Wastewater Capital Improvements Plan Report: Ray Armstrong, Dowl HKM, reviewed his 5-year CIP report. He added a couple of projects based on TischlerBise's report. If the District is going to apply for a discharge permit, Armstrong recommended the 5-year plan include treating wastewater to a higher level of nitrogen and phosphorus standards. He will add treatment options and projected costs to the final report. Edwards would like to get going on pipeline design and a third SBR basin. This work will require a request for proposals.

Water Capital Improvements Project: Woodard & Curran's proposal is for conducting water analysis work on Cascade wells 5 and 6 that have elevated hydrogen sulfide. The board previously approved \$10,000 for the first phase evaluation. The second phase involves well cleaning and evaluating H2S treatment alternatives. With H2S in the water from the initial drilling, Edwards is not in support of the well cleaning as he thinks it would be a waste of funds.

YELLOWSTONE CLUB AGREEMENT

There was no new correspondence on the YC agreement. Mike Cusick has reviewed YC's response letter, but there was not much he could respond to. President Cronin stated that allocating SFEs under the YC agreement, without YC satisfying its capacity obligation, puts the District in a difficult position. From the District's perspective, the best course of action to keep the District on its path to meeting its capacity needs is to ask YC to meet its obligation. Director Ducuennis agreed, but suggested that the YC agreement be rewritten into maybe three separate agreements as Lone Moose benefits without obligations. Vice-President Reeves suggested that it may be worthwhile for the District to have YC make its proposals for wastewater disposal solutions and to consider capital infusion from YC. Director Wheeler suggested a goals and accountability chart that the board can track chronologically. Board members felt that the current agreement covers this. *To protect the District, the board directed Edwards to write YC the Phase 2 requirement letter that he was directed to write at the March board meeting.* Cronin noted that another big part of this YC agreement is the District supplying water to YC.

DEVELOPMENTS & SUBDIVISIONS

Spanish Peaks Resort Phase 8: The transfer agreement for SP Phase 8A sewer extension for 63 home sites has been signed by both parties. *Edwards will get the agreement recorded.*

Sweetgrass Hills Tract A-1: District staff had an initial design review meeting with the new engineer for the next phase for three commercial/condo buildings. Scot Altman has not deeded the land to the District, nor has the boundary line adjustment been done. *The Board directed Edwards to write Altman a letter stating that no permits will be issued until the land is deeded.*

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

Both the District and BSOA have not heard anything from DNRC. DNRC is required to send a response letter by May 14, 2016.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

Edwards reported that the new UV disinfection system for Meadow Village wells 4 and 5 will be used this summer.

STAFF SUCCESSION PLAN UPDATE

Edwards is working on the succession plan that needs to be completed before the budget will be approved. The budget includes bringing on another water operator.

NEW DEVELOPMENTS AND SUBDIVISIONS

COS 214 (formerly McBride's parcel) HRDC Housing Project: This property next to South Fork Subdivision has always been in the District, but without any SFE allocation. Looking at zoning density RMF 6500, for the worst case scenario the parcel could possibly have 67 units. At this time they are looking at 37 units with the square footage per unit still being worked on. They will be asking the District for SFEs and probably a concession on plant investment charges. Edwards advised no reduction in charges and to require payment like all other permit applications. Edwards reported that nothing has been asked of the District yet.

SEWER & WATER PERMITS

There are 8 SFEs available for new permits. With the board approving 50 SFEs, the District will process the backlog of permits.

GENERAL CORRESPONDENCE

Edwards reported that a couple of different companies are exploring options to set up a temporary man camp in the Big Sky area. They have asked the District to accommodate its water and sewer service needs. President Cronin does not want Edwards to encourage having a man camp pump its affluent to the District when the District already has problems meeting capacity needs. The District needs to make a distinction that this request would not be an occasional truck from a local septic hauler that the District currently tries to accommodate. A man camp would be a big impact. Director Ducuennois reported that YC/SP is not driving these man camp concepts, these are third party companies that want to provide a service in the area.

Tony Kolnick submitted correspondence for the board to review. The board asked that future correspondence for board review be condensed into a short summary.

There was no general correspondence requiring board action.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, May 24, 2016, at 8:00 am. Directors Shropshire and Shanks will participate via conference call.

ADJOURNMENT

Director Reeves moved to adjourn the meeting at 11:30 am. Director Wheeler seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – May 24, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, May 24, 2016, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves, Secretary Dick Fast and Director Brian Wheeler (left 11:00 am). Directors Bob Shanks (left meeting at 11:07 am), and William Shropshire participated via video conference until 11:45 am. Director Mike Ducuennois was not present. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present were George Schunk, Bay City Vision; Scott Altman and Mindy Cummings, Tract 2A representatives; Kirk Waren, Connie Thomson and James Rose, Montana Bureau of Mines; Amanda Eggert, Explore Big Sky; Emily Casey, Gallatin River Task Force; Peter Manka, Alpine Water; Jon Olsen, Lone Mountain Land Company; Suzan Smith, Big Sky Owners Association; Kristen Gardner, Gallatin River Task Force; Ryan Hamilton, Town Center Owners Association. Malcolm Munkittrick, TischlerBise participated via GoTo meeting.

PUBLIC FORUM

President Cronin called the meeting to order at 8:12 without public comment.

CONSENT AGENDA

Minutes: Director Shanks noted corrections on page 3. Director Ducuennois needs to be added to board members in attendance.

Sewer Operations: To do a liner inspection this summer, Burroughs needs to draw down the pond. Using last year's average, Burroughs prepared Boyne's golf course daily irrigation targets. Each day the target is not met, the daily number goes up. Without the use of the horse pasture this year, Burroughs would like the golf course pressed to use maximum irrigation. In addition, the District will be pumping more effluent to the YC. Without YC using this treated wastewater on its golf course, though, Burroughs is worried about filling the YC pond. The District improved its pump supply control for more consistent irrigation to Boyne's golf course. Director Wheeler reported that Boyne has irrigated 140 million gallons in previous years and feels that it has done its part for wastewater disposal. Vice President Reeves suggested the District decrease that volume by 30 million gallons, which is a more reasonable amount. Director Wheeler stated his appreciation to Burroughs for presenting his data now. He feels that all parties can work together exploring disposal solutions including the possibility of expanding irrigation to properties surrounding the golf course. President Cronin wants the District to focus on getting YC to take and irrigate more effluent. If the District is in a crisis mode, it needs to have YC follow through with its commitments. *The Board wants a monthly report from YC on how much water they irrigate to its golf course and the level of its pond.* Jon Olsen will follow up with Mike Ducuennois on this request. YC contributes about 20,000 gallons a day to its pond; which is about half of what they irrigate. Director Wheeler recommended that at the next meeting a plan be presented for using the water and tracking it as a board. The board would like Burroughs to continue providing a monthly report on golf course flows.

Vice President Reeves moved to approve the consent agenda items. Secretary Fast seconded the motion. Motion unanimously passed.

MONTANA BUREAU OF MINES

Through a power point presentation, Kirk Waren provided a year-by-year update on what the Bureau has done in the Big Sky area studying ground and surface water sites, including isotopes. They have focused on the meadow area aquifer with 15 monitoring wells. Other areas such as the mountain, south of Big Sky, Jack Creek Basin, SP, and YC are included in the study. This year they hope to complete the report. They will try to do a ground water model of the meadow and also want to create an informational pamphlet that would be of interest to the public. If the Bureau has limited funds and budget constraints, Edwards recommended they come to the District with a proposal. Edwards does not want to abandon these monitoring wells. Edwards would like the District to take on the monitoring when the Bureau of Mines has finished its work. Director Wheeler noted how much information is being gathered from this study. Once the groundwater model is complete he will be able to provide additional information. James Rose reported that data from the mountain monitoring wells and outlying well sources will be included in their report, too. President Cronin thanked Kirk Waren, James Rose, and Connie Thomson for all their work. Edwards will email a pdf of Waren's report to the board.

BIG SKY WATER CONSERVATION PROGRAM

Edwards reported that Gallatin River Task Force applied for \$40,000 in resort tax funds for a water conservation program in Big Sky. The task force is asking the District for \$10,000 of the program's \$50,000 budget. The resort tax boundary will be used as the area of the program, with indoor and outdoor audits being the most costly aspect. Emily Casey explained the proposed phased-in program and provided data on the water and dollars to be saved once implemented. This program is modeled after Bozeman's rebate program where, after its 2014 implementation, it has saved \$1.4 million dollars. Other entities in Big Sky have provided written support of the proposed program. President Cronin stated that about 90% of the area proposed is in the District and wondered why the District has not pursued a conservation program itself. Cronin asked if this is a program that the District should implement by requiring rain sensors and low flow fixtures. Vice President Reeves recommended starting with GRTF's program then look at taking a more aggressive role in the future. Both Emily Casey and Kristin Gardner stated that GRTF could more effectively handle the public outreach. Director Wheeler said that GRTF vehicle is good because of its resort tax boundary, but the District needs to have a conservation program. The board discussed if the rebate program will cost, or save, the District money both now and in the long run. *The board would like an audit be required for any rebate.*

Vice President Reeves moved to provide \$10,000 towards a one year water conservation program if it is funded by the resort tax as well and providing an annual report is furnished next year with any proposed modifications. Director Wheeler seconded the motion.

Discussion. If GRTF does obtain resort tax funding, they are to come back to the District to tighten up the boundary area and revise the scope, but move forward with a conservation program in the District. Motion unanimously passed. This \$10,000 will be added to the District's budget.

SWEETGRASS HILLS TRACT A1

Edwards reported the board packet included an outline on completing the 1+ acre parcel transfer to the District in exchange for 35 SFEs, plus Mindy Cummings' draft agreement. The parcel was to be quit claim, or warranty deed, transferred to the District. Legal counsel, Susan Swimley, has not yet reviewed Cummings' draft agreement. The agreement stipulates that the District fence this parcel, cost share in road maintenance, and provides a road access easement. Vice President Reeves would like to keep the agreement simple and without a bunch provisions,

as the District did not seek out this land. The transfer was an accommodation to the Tract A1 land owner. Director Wheeler recommended the road access easement and maintenance costs share be included in the agreement. Cummings would like some of these issues addressed now as the Tract A1 development will be turned over to a commercial owners association. Scott Altman will pay the title insurance. *President Cronin directed Edwards to tighten up the discussion points Cummings noted and to involve legal review from Swimley.* The road maintenance costs will only be effective if the District uses the access. For title insurance purposes, *Smith will provide the land value at the next board meeting.* The county has advised the developer that final plat is required before the land can be transferred. President Cronin stated that if the land is never transferred, the 35 SFEs will not be given to Altman.

2016-2017 DRAFT BUDGET

The capital items will be paid out of reserves. The \$10,000 water conservation program will be added to the water budget. With rate increases funding operations, they are proposed at 4% for water and 7% for sewer the first year and 1% each the following two years. Smith distributed and reviewed a water and sewer operating summary. The rates are not keeping up with the budget. Electricity to pump to YC is very expensive and the increase in the budget is essential. President Cronin recommended leaving the rates as proposed and to discuss raising rates in the heavy user tiers at another meeting. A public hearing with mail notice is required.

Director Fast moved to go forward with rates as proposed and to do a mail notice for a public hearing. Vice President Reeves seconded the motion. Discussion. Motion unanimously passed.

5 YEAR CIP STUDIES

With Malcolm Munkittrick participating via GoTo meeting, he commented on the key changes from the draft to the final narrative report. Munkittrick feels that these are the most comprehensive and legally defensive fees using a cost recovery approach. In 3-5 years a plan-based approach could be used. The fees include a \$417.41 water system investment charge and a \$2,361.43 sewer PIC for a total of \$2,878.84 per SFE. Munkittrick said these are the maximum supported fees. Combined, the proposed fees would result in a decrease of \$621.16 from the current \$3,500 per SFE sewer PIC. This proposed rate change will not affect the Boyne surcharge of \$3,500 per SFE. The fees would be rounded to whole numbers. To implement this rate change, the Rate Ordinance needs to be amended and a public hearing is required. The local advisory committee will review the fees on June 10th with Munkittrick participating via GoTo meeting. Edwards would like board approval on the proposed PIC fees. The board was in agreement with TischlerBise that these proposed rates are defensible. Edwards would like to revisit Westfork's dedication agreement. He feels that this agreement should not come into play going forward when properties are getting rebuilt, or remodeled. *Edwards will get a legal opinion on Westfork's agreement.* Ryan Hamilton stated that Simkins will need to review the concept of cost recovery impact fees as they believe it is not legal in Montana. They want any fees to be legal. The board also wants all fees legal. *Edwards will follow up with legal counsel.* Edwards stated that these proposed rates do not have to be adopted with the budget rates.

Vice President Reeves moved to adopt the TishlerBise rounded off rates presented in the report. Director Shropshire seconded the motion. Motion unanimously passed.

BIG SKY SUSTAINABLE WATER SOLUTIONS

The group has submitted a resort tax application. The "Stakeholder Assessment Summary" was provided in the board packet.

YELLOWSTONE CLUB AGREEMENT

As directed by the board, Edwards wrote the obligation letter to YC. The agreement states that the District's engineer, Ray Armstrong, needs to write a commitment letter. The SP Phase 2 has been submitted to DEQ by DOWL. *Edwards will have an engineering firm (not DOWL) review the submittal in addition to District staff review.* The SP pond location is outside the area specified in the agreement, but Edwards feels that the storage and disposal is what the District is after. With the SP pond, YC will fulfill its phase 2 of the agreement. Jon Olson feels that SP can meet the District's timelines specified in the letter to YC. Vice President Reeves noted that the storage that YC uses in its pond needs to be backed out of the total storage available. Additionally, when YC gets to full build out, they will be at maximum using its own treated effluent on its golf course. If the agreement is renegotiated, Vice President Reeves would like the District to look at it as a buyout. Vice President Reeves suggested the District work on the YC agreement by committee outside of a board meeting. Directors felt Ducuennois serving on the committee with dual representation would put him in a very difficult situation. To ensure that everything is done right, Director Wheeler suggested that the District public notice the YC agreement meetings. *Edwards will get the engineer's letter, making this an official notification. Public notice will be given on YC agreement committee meetings.*

Olsen reported that they have formally responded that they can meet their obligations. He thinks the District will be requested to guarantee it will provide a certain amount (maybe 25 million gallons) of effluent to SP. Olsen stated that SP would pay for pumping costs if needed. It was noted that Boyne is first in line for irrigation water. *(Director Wheeler left at 11 am.)*

MDOT AGREEMENT FOR ENCROACHMENT FOR MOUNTAIN LAKES CONDOS

The District is waiting for Swimley to review and return the agreement.

SPANISH PEAKS RESORT PHASE 2

The lodge project is on hold for now. Edwards recommended voiding the Lodge permit application for now until they are ready to move forward. *Olsen would like Edwards to confirm the SFEs before voiding the permit application.* Capacity, prioritizing permits and reserving capacity for those properties that have a long history of vacant lot charges paid into the system were discussed. Leaving the meeting at 11:07 am, Director Shanks gave President Cronin his proxy to vote on any issues as he has another commitment. Edwards reported that capacity has never been reserved for vacant property. The District has always issued permits on first come, first serve basis. The board discussed YC fulfilling its obligation in the agreement before SP can use its full commitment of SFEs. If fulfillment by YC is not being met, then SP permits should be approved on a pro rata share as the YC agreement was for increasing capacity. Vice President Reeves recommended that the District address what it is going to do for capacity before a capacity letter is written. Edwards reported that a capacity letter is good forever. Once property is platted (subdivided) these properties pay bond debt and vacant lot charges. Olson stated that SP cannot get approval without a District capacity letter. Without the capacity letter, the District is holding up the project. Edwards noted that the agreement stipulated flow. The flow data numbers will be presented even though SP occupancy and flow rates will change overtime. *The board agreed that Edwards could write the District's capacity letter. It must be written on condition that SP's phase 2 pond be approved by DEQ and YC shows it is disposing of treated*

effluent. The board's control is when SP applies for a permit. President Cronin, Vice President Reeves and Director Shropshire would like a committee to work on all these issues.

STAFF SUCCESSION PLAN

Edwards reported that there is money proposed in the budget to bring on one more water staff person. Our personnel policy states that 35 hours a week are required for benefits. Edwards would like to amend that policy to prorated benefits if an employee wants to reduce work hours. There is some housekeeping that needs done on policy and procedure manuals.

Vice President Reeves moved to approve an additional water operator and include the cost in the next fiscal year's budget. Director Fast seconded the motion. Motion unanimously passed, with Reeves, Fast, and Cronin voting and with Cronin voting Shanks' proxy vote. Director Shropshire could not be heard.

Edwards stated that a certified operator would be desirable. Muscat commented that the District should not jump to the conclusion that hiring be done on credentials as we are preparing for succession down the road. The District should consider hiring someone who has lots of promise and then train them. President Cronin recommended trying to find someone local, if possible. Edwards said the position will be advertised.

BSOA POND

Edwards reported that DEQ wrote its deficiency letter. Carl Uhlig has reported that all deficiencies can easily be addressed in the 30-day timeline. Suzan Scott estimated that Uhlig will take the 30 days to respond and DEQ will take 30 days to respond to his response. BSOA has postponed the project another year.

WILD & SCENIC DESIGNATION FOR GALLATIN RIVER

Edwards reported that he has not heard back from his call to Reneee Coppock of Crowley Fleck law firm requesting that she look at how the Wild & Scenic Designation could impact the District.

NEW DEVELOPMENTS

There was nothing new to report.

W&S PERMITS

Edwards recommended asking for board approval at the next meeting for another 100 SFEs for permitting. The board feels that the District needs to address storage and disposal capacity and get a firm commitment before approving additional capacity. The board again discussed the concept of reserving capacity for vacant lots. (*Shropshire left the meeting at 11:45.*) The board reviewed projected full buildout flows and capacity deficiencies.

President Cronin would like to see the District enforce the YC agreement, i.e. 160 million gallons in YC as the agreement says, and to treat SP golf course separately for closing the capacity gap. The District needs to get approval for discharge. Edwards likes the concept of a YC buyout. This money could be spent on a pipeline to the river, which is the last piece of meeting capacity. Edwards wants to be realistic in managing water for the Boyne golf course and then pumping to YC. President Cronin wants the message to be clear that YC must meet its obligations in the agreement. Vice President Reeves questioned if all board members should be asked if the District requires YC to meet its obligations of 160 million gallons of storage and irrigation in its area and treat the SP pond as a separate agreement. Edwards recommended the

committee have an initial meeting. Edwards reported that legal counsel has advised the District that SP has no rights to the approximately \$400,000 in reserves because of the SP bankruptcy.

GENERAL CORRESPONDENCE

Wayne Heath was sent a letter abolishing the agreement for him to store snow plowing equipment on district property in exchange for snow plowing for the District. Heath did not get the plowing contract for the meadow.

NEXT MEETING

The meeting was set for Tuesday, June 28, 2016, 8:00 am. The budget hearing will also be held/

ADJOURNMENT

Meeting adjourned at 12:28 pm.



Dick Fast, Secretary

5-24-16.min (Board Approved 6/28/16)

BIG SKY WATER & SEWER DISTRICT NO. 363
Public Hearing & Regular Meeting Minutes – June 28, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, May 24, 2016, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves, Secretary Dick Fast and Directors Brian Wheeler, Mike Ducuennois and Bob Shanks. Director William Shropshire participated via video conference. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Grant Burroughs and Peter Bedell.

Others present: Susan Swimley, WSD legal counsel; Gina Sherman, YC/SP legal counsel; Jon Olsen and Alex Iskenderian, Lone Mountain Land Company; Steve Johnson, Big Sky Community Organization; Bob Zimmer, Great Yellowstone Coalition; Al Malinowski, Gallatin Partners; Tyler Allen, Explore Big Sky; Ryan Hamilton, Town Center; Jecyn Bremer, Gallick Law Firm; Kevin Kundert, Four Corners Water & Sewer District; Peter Manka, Alpine Water; Suzan Scott, Big Sky Owners Association; and Tim Kent, Big Sky Western Bank.

BUDGET & RATE SETTING PUBLIC HEARING

PUBLIC FORUM

President Cronin called for public comment at 8:04 am. With no public comment, the meeting was called to order.

FY 2016-2017 District Budget: The full budget was provided in the packet and online. Smith reviewed the budget highlights. Rate increases over three years totaled 6% for water and 9% for sewer. Under the proposed budget, a new water department staff member will be added. Plant investment charges (PICs) are based on the numbers provided by the District's consultant.

FY 2016-2017, FY 2017-2018, & FY 2018-2019 Water & Sewer Rates: The FY 2016-2017 proposed rates would increase 4% for water and 7% for sewer. The increased monthly rates are \$16.57 for water and \$26.36 for sewer. There were no changes for the flat rate, vacant lot charges, hydrant permit rate, property transfer fee, or the voided permit \$100 retainage. For the following two years both water and sewer rates would increase 1% per year. Under the previous 1% annual rate increases, both water and sewer budgets have been running in the red. The board suggested that the inspection fees should be evaluated next year as those fees have not changed for years. The \$25 reactivation charge should also be revisited. Edwards does not believe the current inspection fees cover the actual time the District staff spend on applications and inspections. The board noted this fee is not revenue producing, it just needs to cover the associated costs. The board discussed several rate setting options, including doubling the fees. Swimley advised the board that hourly rate setting is cumbersome bookkeeping. Ducuennois asked Edwards to build a spreadsheet on time to complete an application that could then be used at setting the rate for connection fees. With the rates not being adopted today, the board has a couple months to evaluate rate increases.

A couple of emailed comments were received that Smith responded to. Ryan Hamilton asked for a copy of the proposed budget.

Connection Fees: Sewer Plant Investment Charge & Water Investment Charges:

Information on the proposed sewer and water investment charges was provided in the board packet and online. Susan Swimley advised the board to review the proposed changes in the ordinance, but because it was not available to the public for review, it cannot be adopted at this time. The budget can be passed contingent on passing the PIC and rates. Another public

hearing will need to be held, and then the board can proceed to first reading adoption. Edwards explained that TischlerBise and Dowl were hired to make recommendations on these charges. A consumer group met three times to review the engineers' recommendations. TischlerBise's report proposed \$2,360 per SFE for the wastewater plant investment charge and \$515 per SFE for the water plant investment charge based is recommendation on a 5-year CIP. The District has never had a water PIC. The combined net effect lowers the cost per SFE from \$3,500 to \$2,875. The Boyne settlement surcharge of \$3,500 per SFE will not change. Town Center has raised concerns about the proposed charges. Two letters from attorneys were provided in the board packet questioned if the fee can be retroactively applied under a cost recovery plan. According to Swimley, the District has authority under Title 7 to assess plant investment charges to pay for capital costs. The District is authorized to charge fees with certain collection type names such as a plant investment charge, but not under the term impact fee. Water and sewer district law is broad enough as to how to split it. Edwards suggested that this fee be updated every three years and change the fees to plan recovery base. A good example would be to rehabilitate the mountain water tank. The District has increased additional capacity for water with the new wells, UV system, mountain to meadow line, etc. A plan-based approach can take administrative time and possibly have to be reimbursed if the project is not built. The board needs to instruct staff what it wants to see. The current sewer PIC has been used to pay for bond debt and new projects. The District did not use any PIC money this year to pay bond debt.

Public Comment: Jecyn Bremer, Gallik, Bremer & Molley, distributed a response letter regarding the proposed PIC stating that they did not have an opportunity to review the proposed amendment to Ordinance 97-1002. They are disputing the ability of the District to charge new development the fee. President Cronin stated that the District will make sure everyone has an opportunity to review and comment on the amendments before any board action is taken.

Edwards reported that, in 2006, he completed a rate comparison using the surrounding areas (Bozeman, Belgrade, Livingston, Manhattan, etc). He will update this comparison information and add other areas. Regarding Big Sky's higher rates, Edwards reported that the cost of running an SBR has higher costs and we treat to higher standards. If the District stripped out depreciation for asset replacement, Big Sky's rates would fall below many of the other communities. A discharge system would also reduce costs. The water system is expensive because of pumping water to the upper Cascade tank. Speaking from first-hand experience, Director Wheeler noted that summer sewer rates in Big Sky are half of what you pay in Bozeman as they do not use a winter averaging system. New rates cannot take effect until 30 days after adoption. The first reading will be at the regular July meeting. A special meeting for a second reading can be scheduled if needed. The rates will be approved at the August meeting. The rates will be effective October 1 at the beginning of a quarter. It was noted that by not adopting the rates effective July 1 this will put the District behind in revenues. Operating reserves are at the board's disposal if necessary.

With no further public comment, President Cronin closed the public hearing at 9:29 am.

REGULAR MEETING

PUBLIC FORUM

With no public comments, President Cronin called the regular meeting to order at 9:30am.

CONSENT AGENDA

Minutes: President Cronin reviewed and approved his comments under the sewer operations.

Secretary Fast moved to approve the consent agenda items with the May 24, 2016, meeting minutes, the May financial report and the operators' reports. Director Shanks seconded the motion. Motion unanimously passed.

FY 2016-2017 BUDGET

Director Fast moved to approve the FY 2016-2017 Budget as presented, subject to adoption of the rates. Director Shanks seconded the motion. Motion unanimously passed.

ORDINANCE 97-1002: Rates & Charges FYs 2016/17, 2017/18, 2018/19 (First Reading)

Edwards reviewed the changes to the draft amended ordinance. The analysis was originally based on cost recovery. Per counsel's recommendation, no board action can be taken today due to lack of availability for review prior to this meeting. It was noted that attorney Jecyn Bremer's comments were wrapped around the old ordinance. Swimley stated that at this meeting the draft ordinance is for discussion only. Swimley asked for board direction on whether the investment charge be split for water and sewer, should the PIC be booked for future improvements not debt, or could the District do both. President Cronin stated that the District could just look at it as going forward since all the projects are already bonded at a low interest. The PIC will be used for plant investment charges and future capital improvements under separate accounts as long as it is legally defensible. Edwards would like remodeling in areas like Westfork Meadows addressed where they have been exempt from PIC under an old agreement. Edwards recommended that capital improvements be reviewed every three years and the District also do a 10-year CIP. If Swimley and Bremer come up with other options, they can come to the board. *Swimley will have the draft amendment ready for first reading at the next meeting.* Director Shanks recommended that the District start its budget hearing process earlier next year.

DISTRICT ORDINANCE 16-1001: RELEASING 400 SFEs (Third Reading)

Edwards noted the SP application is on the agenda for review. We are down to 19.6 SFEs for permitting with a backlog of permits to approve. The board previously approved 50 SFEs at the April 2016 meeting.

AMEND AGENDA

For discussion purposes, Director Wheeler moved to address Business Action Item D before Item C. Vice-President Reeves seconded the motion. Motion unanimously passed.

SPANISH PEAKS RESORT LODGE HOTEL PERMIT APPLICATION

The board discussed SP's permit application and if the SP pond and irrigation satisfy the District's capacity needs. If capacity is to be reserved for all vacant lots that have been paying into the system, the District would not be able to issue new permits. If current projections continue, we will run out of capacity in 2022. The board discussed what happens if we do not have capacity for the vacant lots when they have been paying into the system. According to legal opinion, Vice President Reeves reported the SP portion is no longer a commitment. Reeves would like an agreement with SP specifying the District's guarantee for the amount of

effluent that will go to the SP pond. Reeves would also like the Boyne agreement updated for today's environment where the amount of water is also quantified. Director Wheeler agreed that the District needs to have a commitment to manage resources. Edwards reviewed the projected flows and disposal capacity graph that was not provided in the packet. It included SP, YC and Boyne golf course and SP's pond. Secretary Fast suggested that the District look at percentages of what the District will provide instead of using gallons. Jon Olson reported that the SP pond will be built this summer if DEQ approval is received soon. If DEQ approval is not received until October, the pond will be built next year. SP wants the pond for irrigation needs next year. The board suggested an escrow agreement as a guarantee that the pond be built, or approve the permit conditional on the pond being built.

Director Wheeler moved to conditionally approve the SP Lodge permit subject to the pond being operational for spray irrigation purposes prior to connection to the public sewer system. Director Reeves seconded the motion. Call for discussion. Jon Olson reported that the new sewer line will also have to be conveyed to the District, which is also an assurance that everything will be completed. Motion unanimously passed. Edwards noted that the current \$3,500 per SFE will apply.

DISTRICT ORDINANCE 16-1001: RELEASING 400 SFEs (Third Reading)

Vice President Reeves moved to approve the third reading of Ordinance 16-1001 for 350 SFEs. Director Shanks seconded the motion. Call for discussion. Vice President Reeves would like the board to be involved in commitments for capacity letters in the future. Motion unanimously passed.

BSOA POND RESTORATION & WATER RIGHTS PROJECT UPDATE

Edwards reported that Carl Uhlig replied to the deficiency letter and he expects state approval. Suzan Scott reported that fall of 2017 is the construction schedule. Scott anticipates asking resort tax for \$150,000 next year and \$250,000 for the second year.

MEADOW VILLAGE UV DISINFECTION PROJECT UPDATE

Now completed, the UV system will about double the meadow village water supply. The project has gone well and Eric Blanksma, Morrison and Mairele Engineers, did a good job. DEQ is unsure of its reporting requirements, but it looks like they will follow the EPA requirements. Anyone wanting a tour can contact the District. *Edwards will provide a cost report for the approximate \$700,000 project for the next board meeting.*

MOUNTAIN VILLAGE WATER SYSTEM

Muscat reported that the inspection engineer was shocked that the old, out of service, mountain village tank is salvageable. The project went from a 2-year project to a 2-month project. The proposal includes sand blasting, painting, some welding, and new telemetry. The District is getting bids on the rehabilitation project. Director Shropshire will provide Muscat with a contact for sulphur treatment for the Mountain Village H₂S affected wells.

BIG SKY SUSTAINABLE WATER SOLUTIONS COLLABORATION (Formerly known as the Wastewater Solutions Group.)

The first stakeholders meeting will be at 2:00 pm today. The group received full funding from the resort tax and both counties. The planned 18-month project is to be done in October.

DEVELOPMENTS AND SUBDIVISIONS

COS 214: (McBride Homestead Parcel/Loren Bough) This parcel, near South Fork, is earmarked for affordable housing. The parcel was never allocated SFEs on Table 3.01. It fits into the District's mission that it be served as it is within the District's boundary. Using zoning regulations, Edwards calculated 65-84 SFEs for the parcel. They will need a capacity letter.

WILD & SCENIC DESIGNATION

The District has not yet weighed in on GYC's request to support the Wild & Scenic Designation. The Crowley firm cannot work for the District on this due to a conflict. From a Montana law aspect, Swimley suggested Mike Biske, Doney Law Firm, as he practices in water and environmental law. If this designation does, or could, pass in the future, the board would like to know what ramifications will this have on the District. Edwards will sign the contract for an hourly rate not to exceed \$3,000.

NEW DEVELOPMENTS AND SUBDIVISIONS

Big Pines: Public water and sewer will be constructed by the developer, Packy Cronin, to serve these new lots in blue Grouse Hills above Westfork Meadows.

SEWER & WATER PERMIT APPLICATIONS & CORRESPONDENCE

Prior to the board approving 350 SFEs for permitting earlier in the meeting, only 19.67 SFEs were remaining.

YC AGREEMENT

A board subcommittee of Cronin, Reeves, Ducuennois, and Shanks was formed to engage in discussion and review of the YC agreement. Because the subcommittee is a quorum, meetings will be noticed 72 hours in advance and minutes will be taken. Emails can be sent to schedule meetings and to set an agenda, but not for discussion. All other board members, plus members of the community are also welcome to attend the subcommittee meetings. President Cronin will coordinate these meetings.

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.


The Joint County Commission meeting was recently held at the WSD office with a packed room.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, July 19, 2016, at 8:00 am. The board would like the meeting agenda pared down. Director Shanks asked that just the public hearing be on the agenda with a goal of a 1.5 hour meeting. Edwards will include Tract A1 on the next meeting agenda.

ADJOURNMENT

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


Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Special Meeting Minutes - YC Agreement Subcommittee – July 14, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a special meeting on Thursday, July 14, 2016, in the WSD Community Room. President Packy Cronin called the special meeting to order with the following board members present: Vice-President Tom Reeves and Directors Mike Ducuennois and William Shropshire. Director Bob Shanks participated via video conference. Director William Shropshire was present, but not as a subcommittee member. WSD staff present: Ron Edwards, Marlene Kennedy, and Terry Smith.

Others present: Jon Olsen, Lone Mountain Land Company; Amanda Eggert, Explore Big Sky; and Kevin Germain, Lone Mountain Land Company/Moonlight Basin (arrived at 8:23 am).

PUBLIC FORUM

With no public comment, President Cronin called the special meeting to order at 8:05 am.

INTRODUCTION

Subcommittee Members and Entity Representing: Board members Packy Cronin, Tom Reeves, Bob Shanks and Mike Ducuennois will serve as subcommittee members. As an executive member of YC, Director Ducuennois will represent YC at the subcommittee meetings. He will provide YC's perspectives during discussions, but will abstain from voting. All other subcommittee members will vote representing the District's perspective.

Define Goal of Subcommittee: The subcommittee was formed to review and assess amending the 2001 Yellowstone Club Agreement made between the Yellowstone Mountain Club (YC), Lone Moose Meadows (LMM), Spanish Peaks (SP), and the District.

YC AGREEMENT

Review and Define Key Terms in YC Agreement: When the YC Agreement was negotiated, all parties benefitted. The District saw the benefits of meeting its growth plan for storage and disposal. YC had a need for potable water and drilled mountain well #7 for the District in return. LMM needed to connect to the District's sewer system and abandon its system. SP needed sewer service. Status of the original parties signing the agreement was identified. Yellowstone Mountain Club exists. Lone Moose Meadows exists with Jim Dolan as the owner. After declaring Chapter 7 bankruptcy, Spanish Peaks Development LLC was dissolved and Spanish Peaks Resort was acquired by CHSP Acquisitions. With the bankruptcy filing, the opinion of District's legal counsel is that SP no longer has any rights. The board reviewed Director Ducuennois's summary of the agreement. The agreement provides rights to SP, LMM and YC. YC has the obligation to dispose of 160 mg of treated wastewater and provide 130 mg of storage ponds on its property. It does not specify this storage has to be exclusively for the District's use. The 1,000 SFEs allocated to LMM was based on flows. Since calibrating the flow meter in February 2016, the data now seems to be accurate. Director Ducuennois stated that the developers need to get together to fulfill their obligations in the agreement, the District only oversees that the commitments are being met.

Review Current Status of YC Agreement: To meet the 130 mg storage capacity in the agreement, YC has built one 80 mg pond and identified the location of one pond that is on paper at 50 mg. The new SP pond will be added to the storage capacity. As part of its DEQ approval, Olsen reported that SP will need an agreement with WSD for treated wastewater SP's pond and irrigation. With any agreement, the board wants either gallons or a percentage to each party be defined. Olsen reported that the 16 mg pond by the SP club house will also be used for effluent and has been approved by DEQ. Edwards feels that the ultimate target goal for storage and disposal should include what SP is

preparing to provide. Along with notifications, easements need to be reviewed, plus they need cleaned up and recorded. YC is against its upper limits of water supply from the District and will need additional water supply. The subcommittee discussed when the District should send the Phase 3 notification letter and when it can expect YC to meet its 160 mg of disposal even though it is not feasible today. Edwards will review the engineers report, but believes YC's irrigation is 50% less than what was contemplated. Director Ducuennois would like the District to make a commitment to fill the pipes if they build the infrastructure. The District has a first right agreement with Boyne for 145 mg of treated wastewater for its golf course. The subcommittee discussed snowmaking, discharge, and spraying other areas for alternative disposal options.

Director Ducuennois reported that YC can meet its obligations in the agreements, but he does not think this is a wise use of resources as the District still will not be able to meet build out. Edwards wants the second pond in YC for storage. Director Reeves asked that monetary figures be presented for YC to meet its obligations. Additionally, a cost matrix needs to be developed for all options. The YC funds could then be used to develop alternative storage and disposal options that the Water Solutions Group is now exploring.

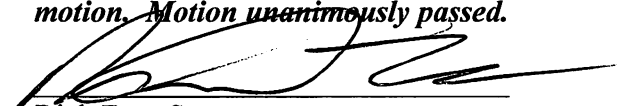
The question needs to be answered if there is an obligation to SP, are they in the District with all the benefits. The District has been collecting connection fees from SP and Lone Moose and has about \$380,000 in reserves. Mike Cusick has said that because the original SP is gone, our obligation to give the money to SP is gone. SP's position needs to be known so that the parties can come to an agreement on SP's obligations and benefits of being in the District through an amendment adding them back into the agreement. Edwards wants the document to reference SFEs, not flows for SP. Jon Olsen reported that they need about 1,800 SFEs for buildout. President Cronin has a philosophical problem in turning gallons into a much higher number of SFEs. Going from SP's 1000 SFEs to 1,800 SFEs will not be sustainable for storage capacity. Olsen's ultimate goal is to redo the agreement so that it works for everybody. If the agreement is to be redone, Vice President Reeves thinks that LMM needs to agree to that. Director Shanks does not believe that we need to redo the agreement so that it works for everyone. It is an asset the District controls. From the District's perspective, we need to put our rate payers as our first objective and protect their rights as being a member of the District. Our first step is for independent board members to work with Edwards and decide what would be in the best interest of the District. The result of that may not coincide with what non-independent board members want. President Cronin interpreted Cusick's opinion as the obligations to the developers remain. The subcommittee asked for a legal opinion whether SP can get back into the agreement without consent of all parties, how it affects existing SP connection fees held by the District and the SFE commitment, how it affects future SP connection fees, and the master irrigation agreement. *Olson will follow up on SP's opinion on how they interpret the agreement, money, and obligations and if they want in the agreement.*

NEXT SUBCOMMITTEE MEETING

The next subcommittee meeting date will be set once responses are received from legal counsel Mike Cusick and from Spanish Peaks. *Director Ducuennois will provide the YC infrastructure costs not yet incurred to fulfill the YC agreement.*

ADJOURNMENT

Director Reeves moved to adjourn the meeting at 9:59 am. Director Shropshire seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – July 19, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, July 19, 2016, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves, Secretary Dick Fast and Directors Mike Ducuennois and Brian Wheeler. Directors Bob Shanks and William Shropshire participated via video conference. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: Ryan Hamilton, Town Center; Jecyn Bremer, Town Center legal counsel; Jon Olsen, Lone Mountain Land Company; Bob Zimmer, Greater Yellowstone Coalition; Peter Manka, Alpine Water; and Steve Johnson, Big Sky Community Organization.

PUBLIC FORUM

With no public comment, President Cronin called the meeting to order at 8:04 am.

CONSENT AGENDA

Minutes: Correct the spelling of Alex Iskenderian's name.

Sewer operations: The pond levels are measured weekly with draw down close to being on target. We are at 93% at being on target with irrigation volumes. After this week, we will be over our targets. A master spreadsheet has been prepared with the pond volumes and projections of sewer inflow through September 15. The meter work on the flumes is providing more accurate numbers.

Director Reeves moved to approve the consent agenda items with the correction in the June 28, 2016, meeting minutes, the June financial report, and the operators' reports. Director Ducuennois seconded the motion. Motion unanimously passed.

DISTRICT ORDINANCE 97-1002 RATES AND CHARGES FOR FY 2016/17, 2017/18 & 2018/19) (FIRST READING DRAFT)

President Cronin noted that this is the first reading of the draft amendments to Ordinance 97-1002 with changes incorporated from the public hearing. A full redlined document of the changes was provided in the packet. The proposed changes in fees were presented which included a water plant investment charge. The user charges for the next two fiscal years were also shown in the draft amendment. A fire hydrant flow test charge of \$150 was added. Edwards suggested having the \$50 property transfer fee apply to tenant changes. On the wastewater plant investment charges, the date needed to be corrected to 1997.

Jecyn Bremer stated that they are looking for a response to the previous three letters they have sent. Edwards reported that Susan Swimley will provide a reply. Bremer asked the board to wait to adopt the amendments. Bremer does not believe the District can charge an impact fee/plant investment charge. The opinion from TischlerBise is that the District can charge an impact fee. Swimley disagreed. The District can assess plant investment charges. Bremer stated that they are contending both the water and sewer plant investment fees. President Cronin asked if Bremer and Swimley both hold firm on two opposing positions, how the District proceeds without risking a lawsuit and having the whole fee structure torn apart. The board wants Swimley's opinion as to whether this amendment is in violation of the law. If the old ordinance is not in violation because it predates the new law, should the District leave it as is. Director Ducuennois recommended that a couple of board members, TischlerBise and Swimley meet on this to dissect what the District's risk is moving forward. Bremer offered to sit in on the committee. For Director Wheeler, the water rate structure makes sense, but the challenge is the correspondence was distributed 12-24 hours before the meetings. He wants to call the question

for first reading as recommended by Swimley.

Director Reeves moved to approve the first reading of the draft amended Ordinance 97-1002 and with the addition of the ownership change. Director Shanks seconded the motion. Call for discussion. Director Wheeler wants an update for the board in the next two weeks. Motion unanimously passed.

Ordinance committee members will be Brian Wheeler, Mike Ducuennois, Susan Swimley, and Jecyn Brenner.

SEWER & WATER CONNECTION PERMITS

Two applications required board approval: TC MF1 LLC, Lot 2A, Block 13, Town Center for 29.48 SFEs and TC MF1 LLC, Lot 2A, Block 17, Town Center for 29.48 SFEs. There were no issues with the applications.

Director Reeves moved to approve the TC MF1 LLC permit applications for 29.48 SFEs each. Director Shanks seconded the motion. Motion unanimously passed.

CAPACITY COMMITMENTS

Director Shropshire asked what “sewer service available” means as it applies to vacant lots. Shropshire feels that we are looking at a situation where a demand for service is increasing and we could run out of capacity and not be able to provide the service when requested. Staff needs to consider a model to assure capacity for vacant lots moving forward. Vice President Reeves noted that not only do the vacant lots pay a vacant lot fee, they are on the tax rolls for bond debt. The board discussed reserving capacity for vacant lots paying a vacant lot fee. Director Wheeler compared this to the commitments on Table 3.01. Vice President Reeves said that capacity letters should not be written without taking the commitment to vacant lots into consideration. Edwards stated that part of the District’s mission is to have capacity. Staff can go through the effort to figure out the capacity needs of existing vacant lots and tracts by averaging SFEs. Director Ducuennois asked, “Does the District build out infrastructure for reservations to accommodate agreements over time?” There is about a 100 million gallon deficit for build out right now that the Water Solutions Group is trying to solve. The board discussed how the District can accommodate our current vacant lots and consider requests for annexation from other property like Firelight and American Bank. The District has external and internal issues (McBride parcel) to address along with commitments on the table, special agreements, and parcels in the District without commitments. Director Ducuennois reported that Ray Armstrong has a table that can be used for extrapolating that information. To provide guidance for the board, they want to see a list of parcels paying into the system and those who are in the District without paying into the system. *Edwards will go through the commitment numbers at another board meeting and prepare a report for the board within the next month, or two. Edwards will also update the SFE permit spreadsheet.*

BIG SKY SUSTAINABLE WATER SOLUTIONS COLLABORATION

The first stakeholders' meeting was held with a vast attendance with a diverse representation. Vice President Reeves reported that the Wild and Scenic presentation by the Gallatin River Task Force says that the District supports it. The District has not endorsed, or written, anything supporting it. *Vice President Reeves directed Edwards to follow up to have that information removed from this presentation.* Board members can attend the Sustainable Water Solutions meetings if they want. The next meeting is August 31, 2016. They will start diving into the data and going through reports. Any of its correspondence will be in the WSD board packet.

BSOA POND RESTORATION PROJECT

DEQ will be responding to Uhlig's letter. All indications appear that this project, that will help the District manage its water right asset, will be approved. Once the pond is dredged, the District will be able to upgrade its intake pipe. The District needs to focus on filtering the line going out. Vice President Reeves would like the District to have a "Plan B" if the project is significantly delayed, or doesn't happen. The District needs to be ready to use the water of the Middlefork. Steve Johnson asked about the dewatering of the Middlefork, stating that the whole collaborative issue is to keep the water in the river.

DEVELOPMENTS AND SUBDIVISIONS

COS 214 (McBride Parcel): Tim Skop gave Edwards the submittal for comment. The District has not seen any water and sewer extension plans to service this lot, but the parcel is in the District and can be served. This property has been on the tax rolls, but does not pay vacant lot charges. Edwards stated that this could be added to WSD vacant tract charges. Jon Olsen reported that final plat has to be done by June 30 2017. President Cronin said without preliminary plat approval the board needs to wait to respond.

Cascade Ridge: The developer has pot holed four places on a water line that was installed without the District's inspection. All the things we look for are there. The District will approve the line to a certain point. The developer will then be required to pot hole the rest of the line as phase 2. Surveyed as built will be provided by C&H Engineering. Their two-year warranty period will begin once the District receives the as built. The developer will maintain ownership of their sewer lines with each unit having a lift station.

Montana Club: The water and sewer extensions were put in last year. The walk through was done a couple of weeks ago. They are working on a punch list. Director Wheeler reported that six units are going in now.

MEADOW VILLAGE UV DISINFECTION PROJECT

One ballast blew out on the UV disinfection system. It will be replaced under warranty. The cause of the failure is unknown at this time. Atlantium is looking into the problem and how to prevent it from happening again. One unit is back up and running.

SPANISH PEAKS GOLF COURSE STORAGE & IRRIGATION PROJECT

A copy of DEQ's letter was provided in the board packet. DEQ is looking at the whole lined pond request closely. DEQ does not want an outlet structure. Director Ducuennois explained that YC had to do an exploration on an alternative analysis, but in the end DEQ approved an outlet for YC. Olsen reported that Ray Armstrong is addressing it. DEQ approval is needed to complete the pond. If DEQ approval does not come until September, they will try to get at least the piping done. Edwards said that, through the conference call with DEQ, he believes that the District will need to have another agreement for irrigation. *Olsen will ask Terry Campbell, DEQ, for an example of an agreement and follow up with SP to draft an agreement.* He thinks DEQ will want to see and approve of the agreement. The board discussed pros and cons for charging for affluent. Edwards said that Terry Campbell will put the onerous on the WSD if there is a pond failure in the future. Olsen reported that DEQ is suggesting a hold harmless agreement where the liability is the pond's owner. The board wants the agreements to have an expiration date instead of perpetuity allowing for the agreement to be amended if facts change.

WILD & SCENIC DESIGNATION

Attorneys Marc Buyski & Mac Smith are working on an opinion on what kind of impact a wild and scenic designation will have on a discharge permit for the District. We should get their opinion in the next couple of weeks. Edwards will distribute it to the board when it is available.

YELLOWSTONE CLUB AGREEMENT

President Cronin reported on the first subcommittee meeting stating that it was a good meeting. The biggest takeaway was asking the developers where they see themselves in the agreement. SP is annexed into the District, they get benefits and capacity without any liability obligations. SP has been asked if they want to part of the agreement. Director Ducuennois feels if SP responds no, capacity needs to be defined with the possibility of the 160 mg commitment being truncated down in SFEs, not gallons. If SP provides storage and irrigation, President Cronin asked if the District should proceed with an agreement. Olsen stated that DEQ wants an operational agreement in place, not requiring a specific volume. *Edwards will work with SP on the first draft of an agreement. The draft will be sent to Boyne and Vice President Reeves for review and comment.* Director Wheeler wants the District to understand comprehensively the commitments and the resources available for all parties. The YC agreement states that Boyne has precedent over YC. Edwards reported that the Boyne course can also be irrigated with water out of the Middlefork and the affluent can be pumped to YC and SP. Director Ducuennois reported that the District has been sending YC about 30 million gallons a year. Directors Shanks and Shropshire said that, at a minimum, the YC agreement needs to be amended for storage and disposal at SP as it is outside the territory in the agreement. Edwards stated that the District will need to know where all the affluent is going; YC, SP, or Boyne. At the request of President Cronin, *Olsen will provide the SP authority of who makes the commitments for approval before the next subcommittee meeting.* Agreements will be worked on through the subcommittee.

NEW DEVELOPMENTS AND SUBDIVISIONS

There were no new developments to report.

GENERAL CORRESPONDENCE

There was no general correspondence requiring board action.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, August 16, 2016, at 8:30 am. *The board directed Edwards to have legal counsel work on the ordinance amendment this week.*

Edwards will coordinate an annual dinner.

ADJOURNMENT

Director Ducuennois moved to adjourn the meeting at 10:05 am. Director Wheeler seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – August 16, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, August 16, 2016, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: President Packy Cronin, Vice-President Tom Reeves, Secretary Dick Fast and Directors Mike Ducuennois, Bob Shanks, Brian Wheeler, and William Shropshire participated via video conference. WSD staff present: Ron Edwards, Terry Smith, Peter Bedell, Jim Muscat, and Grant Burroughs.

Others present: Ciara Wolfe, BSCO, Jon Olsen, LMLC, Amanda Eggert, Explore Big Sky, Suzan Scott, BSOA, and Steve Johnson, BSCO/Advisory Committee.

PUBLIC FORUM

President Cronin called for public comment at 8:10 am. With no further public comment, President Cronin called the meeting to order at 8:11 am.

CONSENT AGENDA

Director Bob Shanks moved to approve the consent agenda items with the July 19, 2016 Regular Meeting & July 14, 2016 Subcommittee meeting minutes with edits by Bob Shank operators reports, no financial reports. Director Tom Reeves seconded the motion. Motion unanimously passed.

PRESENTATIONS

Pedestrian Tunnel Project, Ciara Wolfe, BSCO. Ciara updated the board on the status of the tunnel project. The earliest start for construction on the project is June 2017. If MDT takes over it will probably start June of 2018. DEQ will need to review the re-route of the District's force main pipe. New trail will be over the water main which Muscat brought to the boards attention. BSCO will keep in contact with Muscat regarding the water main issues on the trail. The bridge is still a work in process and final plans are not yet complete.

BUSINESS ACTION ITEMS

District Ordinance 97-1002 (Second Reading Draft) Edwards noted that the second reading included adding a \$50 charge for renters as well as owner transfers. The District's attorney Swimley believes the District has the authority under the general water and sewer district statutes to charge the new water investment fee. Edwards informed the board that MACO insurance would provide legal counsel in the event of a lawsuit. Smith requested that the plant investment fee be segregated from the user fee rates so that the user rates will go into effect 10/1/2016. Board discussed the method to impose the sewer and water investment fees and requested that Attorney Swimley comment on all the issues raised by Town Center's attorney.

Director Ducuennois motion to pass second reading of 97-1002. Director Reeves 2nd the motion. Motion unanimously passed.

Director Shanks moved special meeting next Tuesday to address the third and final reading of Ordinance 97-1002. Director Wheeler 2nd the motion. Motion unanimously passed.

2017 Mill Rate Levy for Bond Debt

Edwards discussed his report on the mill rates for bond debt. New mill rate total for 2016 is 81.81.

Director Fast moved to approve as presented. Director Shanks 2nd the motion. Motion unanimously passed.

OLD BUSINESS

Big Sky Sustainable Water Solutions Collaboration

Edwards discussed the next meeting and informed the board that there is now a web page for this project on the Gallatin River Task Force's website. The idea is to build consensus on water and sewer issues in Big Sky with all stake holders at the table.

BSOA Pond Restoration Project

Karl Uhlig reported by email that they are still waiting on the DNRC to finish their review which has a new deadline of 9-19-16.

Developments and Subdivisions

Jon Olsen with SPR requested a capacity letter for a new project on COS 214. According to Edwards the proposal is within the expected build out for this parcel.

Director Reeves asked about the current status of the report on the Districts vacant lots that have been in the District paying their vacant lots fees. Edwards said that he has not done the report yet. It should be available for the next regularly scheduled meeting.

Meadow Village UV Disinfection Project

Edwards discussed the closeout letter and report in packet. Edwards discussed electrical issues at the new system, and that it is all repaired. Final project report should be in next month's packet.

Spanish Peaks Golf Course Storage & Irrigation Project

Edwards had Morrison Maierle review the engineers report and plans and submitted their comments to SPR for review. SPR's John Olsen said SPR is working on the irrigation agreement and should have a draft for the boards next month's meeting. The ponds are not under the District's control which puts the District in a vulnerable position. The agreements with the parties should provide some indemnity for the District. According to SPR the project should take three months to construct.

Wild & Scenic Designation

No report from Swimley on the other attorney's opinion yet.

Yellowstone Club Agreement

No additional meeting held. The first meeting minutes are in the packet. SPR Olsen said they are in the agreement and are acting as if they are in the agreement. The board is waiting for that in writing from SPR. The board will wait for contact from SPR in writing then schedule another meeting. The board is also waiting for contact from YMC with any proposal to move forward with any changes or suggestions on how YMC believes they would like to move forward and provide such proposals to the District board for discussion and analysis.

NEW BUSINESS

New Developments and Subdivisions

New proposal from Justine Houser on a YC lot FYI only.

Sewer & Water Permit Applications & Correspondence

Record year for permits at 399 SFEs permitted.

General Correspondence

Edwards discussed the notes in the board packet. Steve Johnson discussed what the planning board is reviewing on the "Man Camp" issue. Director Cronin discussed the issues for the District with respect to selling water and taking disposals for outside entities. The board asked Edwards to keep the board apprised on any developments on this subject.

There was no general correspondence requiring board action.

NEXT MEETING

Special meeting for Ordinance 97-1002 tentatively scheduled for Tuesday August 23, 2016 at 9:00am.

The next regularly scheduled Board meeting is scheduled for Tuesday, September 20, 2016, at 8:00 am.

ADJOURNMENT

Director Shanks moved to adjourn the meeting at 10:04 am. Director Fast seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

8-16-16. min (Board Approved 9/20/17)

BIG SKY WATER & SEWER DISTRICT NO. 363
Special Meeting Minutes – August 23, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, May 24, 2016, in the WSD Community Room. Brian Wheeler called the meeting to order with the following board members present: Directors Mike Ducuennois, Bob Shanks, and William Shropshire and Tom Reeves participated via video conference. WSD staff present: Ron Edwards, Terry Smith, AND Peter Bedell.

Others present: Susan Swimley and Steve Johnson, Tony Kolnik, John Olsen, and Susan Scott.

PUBLIC FORUM

Director Wheeler called for public comment at 8:00 am.

Tony Kolnik asked about the Wild and Scenic designation. Kolnik also submitted a letter to the board. The board will address at the next meeting.

With no further public comment, Director Wheeler called the meeting to order at 8: 03 am.

BUSINESS ACTION ITEMS

District Ordinance 97-1002 (Third Reading Draft for Rates and Charges for FYs 2016/17, 2017/18 & 2018/19)

Susan Swimley commented on her letter to the board regarding the board's authority with respect to rates and fees. Plant investment fees will be used as they have in the past for both new capital projects as well as debt service. Edwards informed the board that Ryan Hamilton told Edwards that Town Center will not continue to object to the new water plant investment fee.

Director DuCuennois moved to approve, Seconded by Director Shanks. Motion unanimously passed.

OLD BUSINESS

Wild & Scenic Designation

Susan Swimley gave her opinion on how the designation would affect the District. Specifically, a discharge permit. Swimley retained an outside legal firm for help. The W&S designation may affect a discharge permit because it could cause discrepancies between the state and federal level regulations. The designation requires an easement around the river that may cause issues with any future plans the district may have for a discharge permit or any other future uses. It creates another level of permitting requirements and may create new hurdles to obtaining a discharge permit.

Swimley recommended that if this proposal goes forward the District should comment and be on record at all stages of the process.

PUBLIC COMMENT

Public Comment asked for by Director Wheeler. Tony Kolnik commented as a water right owner. He suggested that a water right commissioner be appointed along with any new designation on the river to give the designation teeth for enforcement. In addition, Kolnik asked about FWP's position on the new designation? According to Kolnik in stream flow with respect to any future discharge permit may be supported by other outside groups.


Steve Johnson- Commented on a future discharge permit application that it will be done on a non-degradation basis. He also said that the instream flow issue will help the District on any future discharge permit.

NEXT MEETING

The next Board meeting is scheduled for Tuesday, September 20, 2016, at 8:00 am.

ADJOURNMENT

Director Shanks moved to adjourn the meeting at 8:47 am. Director Shropshire seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

8-23-16. min (draft)

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – September 20, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, September 20, 2016, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves, Secretary Dick Fast, and Directors Mike Ducuennis, Bob Shanks and Brian Wheeler. Director William Shropshire was not present. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: Steve Johnson, Big Sky Planning & Zoning; Bob Zimmer, Greater Yellowstone Coalition; Ed Matos, Bridger Engineers; Ross Pfohl, AmericanBank; Kristen Brown, Brown Law; Scott Altman, A2LD; Scott Johnson, A2LD; Tim Kent, Big Sky Western Bank; Margo Magnant, Big Sky Chamber; Peter Manka, Alpine Water; and Suzan Scott, Big Sky Owners Association.

PUBLIC FORUM

President Cronin called for public comment at 8:04 am. Bob Zimmer thanked the board for its review of the wild & scenic act that would provide a comprehensive plan to preserve the quality of the river. Zimmer would like the board's support of the act. With no further public comment, President Cronin called the meeting to order at 8:08 AM.

CONSENT AGENDA

Water operations: Atlantium provided the replacement ballasts under warranty repair of the UV system. Jim Muscat was commended for looking after the District's best interest in requiring a water main extension for the project in the Town Center.

Director Reeves moved to approve the consent agenda items with the August 16 regular meeting minutes, August 23 special meeting minutes, July and August financial reports and the sewer and water operators' reports. Director Fast seconded the motion. Motion unanimously passed.

AMERICAN BANK PETITION FOR ANNEXATION

American Bank's annexation petition included the existing 5.6 SFEs and 19 SFEs needed for additional development that conceptually would include a restaurant/lounge, apartments, dormitory and retail space. Tract 1 is connected to the WSD water system and Tract 2B-1 is vacant. Edwards noted that these tracts have never paid for any bond debt. Ed Matos briefly explained what they want to do regarding sewer and water service and answered questions from the board. If annexed, the developer would need to cover all costs for a sewer main extension in addition to a new water main. If annexation is not granted they would create another drain field and reduce the development. The board discussed the annexation request, the District's responsibility to meet its current build-out obligations, storage and disposal deficiencies in meeting these obligations, the District's need for alternative disposal, the need to develop a checklist for individually evaluating and prioritizing annexation requests, and the broad consequence in approving annexation. Board consensus that until the solution for capacity and commitment is identified, annexation has to be on hold as the District pursues the solution.

ORDINANCE 16-1002: RELEASE 100 SFEs (First Reading)

Director Reeves moved to approve the first reading of Ordinance 16-1002 to release 100 SFEs for permitting. Director Shanks seconded the motion. Motion unanimously passed. Second reading will be presented at the next meeting.

TRACT A-1 LAND EXCHANGE

Scott Altman is in the process of doing a major subdivision. A lot line adjustment for the land transfer will be done after the draft MOU agreement is accepted. The board wants the agreement kept simple.

BIG SKY SUSTAINABLE WATER SOLUTIONS COLLABORATION

The meeting notes from the stakeholder's meeting of August 31, 2016, along with the September 28 forum agenda were in the board packet. All documents are also on the Gallatin River Task Force's website.

BSOA POND RESTORATION PROJECT

DEQ's letter dated 9/19/16 states that the application is "correct and complete", but it is not an approval letter. DEQ can take another 120 days for the approval. Suzan Scott reported that she asked for clarification on the review period. She had thought the response would include the technical report. *Edwards will talk to Carl Uhlig for further clarification.*

DEVELOPMENTS AND SUBDIVISIONS

Town Center, Block 13, Lot 2A: The District approved the revised water man utility plan for this lot.

COS 214/Bough Subdivision/McBride Property: Edwards has provided Loren Baugh's attorney, Bridge leFeber, all District reports and correspondence as requested in her September 13th letter.

Firelight Meadows: The board reviewed Karen Robert's, President of the Firelight Meadows Board of Directors, letter asking if Firelight can be annexed into the District. The letter explains that the HOA is pursuing the possibility of buying the assets of West Fork Utilities that they would turn over to the District if annexed in. The board would like more information about the status of the sewer system and occupancy issues. Edwards noted that Firelight could possibly bring capacity to the table if the drain field areas there were used for District disposal. *The board directed Edwards to contact Firelight for more information.*

Mountain Lakes: Jeff Radick has been hired as the new project manager.

MEADOW VILLAGE UV DISINFECTION PROJECT

The punch list work has been completed. The final payment application has been received with a total construction cost of \$652,266.

SPANISH PEAKS (SP) GOLF COURSE STORAGE & IRRIGATION PROJECT

Ray Armstrong's response to Morrison Maierle's letter on the design document was provided in the packet. *Ginna Sherman is preparing the first draft of the irrigation agreement.* The board discussed what they would like to see in the agreement: indemnification, not expanding the District's obligations, and clarifying the District's rights and obligations. *SP still needs to respond if they are participating in the YC agreement, and how they interpret their participation.*

YELLOWSTONE CLUB AGREEMENT

No discussion.

NEW DEVELOPMENTS AND SUBDIVISIONS

No discussion.

SEWER & WATER PER APPLICATIONS & CORRESPONDENCE

In 2016, 423.9 SFEs have been permitted with 18.5 SFEs remaining for permitting. Once adopted, Ordinance 16-1002 will release and additional 100 SFEs. Edwards presented spreadsheets and charts showing permit history, built-out SFEs, and vacant lot and pooled obligations. The new rates in amended Ordinance 97-1002 are effective October 1, 2016.

GENERAL CORRESPONDENCE

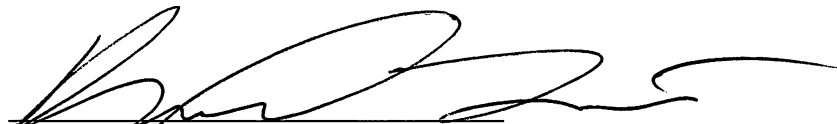
The work force employee housing (man camp) application at Gallatin County has been withdrawn. To protect the District, *President Cronin asked the District to work on a policy, or ordinance, on who can truck and dump wastewater at the District's plant.*

NEXT MEETING DATE

The next board meeting is tentatively scheduled for Tuesday, October 18, 2016, 8:00 am.

ADJOURNMENT

Director Fast moved to adjourn the meeting at 10:15 am. Director Reeves seconded the motion. Motion unanimously passed.



Dick Fast, Secretary

9-20-16. min (Board Approved 10/18/16)

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – October 18, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, May 24, 2016, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves and Directors Brian Wheeler, Mike Ducuennois (arrived at 8:44 am), and William Shropshire. Director Bob Shanks participated via GoToMeeting (GTM). Secretary Dick Fast was not present. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: Scott Buecker and Lance Lehigh, AE2S Engineering; Mindy Cummings, A2LD legal counsel; Steve Johnson, community member; Jon Olsen and Alex Iskenderian, Lone Mountain Land Co; Kristen Brown, Brown Law; Suzan Scott, Big Sky Owners Association. Shawn Gaddie, AE2S Engineering participated via GTM for the rate study presentation.

PUBLIC FORUM

With no public comment, President Cronin called the meeting to order at 8:01 am.

AMEND AGENDA

Director Wheeler moved to amend the agenda to hear about the magazine article to be published on the UV system and to address Spanish Peaks' ratification agreement and lodge permit before Item III, Rate Study Survey Results. Motion unanimously passed.

TREATMENT PLANT OPERATOR MAGAZINE

Edwards reported that he held a GTM session with the writer of the Treatment Plant Operator magazine that will be publishing an article on the District's UV system in January, or February.

CONSENT AGENDA

Financials: The auditor will come in tomorrow to start the 2015-2016 audit.

Director Reeves moved to approve the consent agenda items with the September 20, 2016, meeting minutes, the September financial report and the operators' reports. Director Shanks seconded the motion. Motion unanimously passed.

SPANISH PEAKS (SP) RESORT

Ratification Agreement: The board reviewed the draft Ratification Agreement prepared by Lone Mountain Land Co. legal counsel Gina Sherman. The agreement acknowledges that CH SP Acquisition assumed all of the assets and obligations of SP after the bankruptcy. District legal counsel, Susan Swimley (via GTM), reviewed the document and was in support of the board executing the agreement. Jon Olson stated that this document reiterates that SP is in the YC agreement and that SP wants to comply with storage and disposal requirements. CH SP still owns the water system with an agreement for the SPHOA to operate it. Swimley could not offer any opinion on impact to any group regarding the bankruptcy proceedings if the agreement is executed.

Director Shropshire moved to approve the agreement. Vice President Reeves seconded the motion. Discussion. Swimley stated that the agreement acknowledges that CH SP Acquisition will be treated the same as the Spanish Peaks Holdings. There has not been any communication with Dolan by Lone Mountain Land Co. Motion unanimously passed.

Lodge Permit: The board discussed Lone Mountain Land's request for deferment of the Lodge's \$973,225 permit fee until they receive DEQ approval for the SP storage pond and irrigation pipeline project. Olson reported that they anticipate DEQ approval by the end of the year. (Director Ducuennois arrived at 8:44 am).

Director Reeves moved to approve the payment extension for 90 days subject to the original requirements with a February 16 deadline. Director Shanks seconded the motion. Motion unanimously passed. Director Duccuenois abstained from voting.

DISTRICT ORDINANCE 16-1002: RELEASE 100 SFEs (Second & Final Reading)

Director Shropshire moved to approve the second and final reading of District Ordinance 16-1002 to release 100 SFEs for permitting. Director Wheeler seconded the motion. Motion unanimously passed.

TRACT A-1 LAND EXCHANGE DRAFT AGREEMENT

The board reviewed the draft Agreement between A2LD, LLC and the District regarding the transfer of Tract A-1 land in exchange for 30.5 SFEs. A common boundary line adjustment will be done to transfer this parcel.

Director Reeves moved to approve the agreement on the condition of the President's final review and signature. Director Wheeler seconded the motion. Motion unanimously approved. Cummings, Swimley, and Edwards will meet to finalize the agreement.

RATE STUDY SURVEY RESULTS

Scott Buecker, Lance Lehigh, and Shawn Gaddie of AE2S Engineering presented their 2016 Annual Utility Rate Survey results that included communities across Montana. The WSD sewer rates are among the highest, but the District does a better job of depreciating assets. The District's General Obligation Bonds are not reflected in these comparative rates. Buecker thanked the District for participating in the rate survey. The rate survey document will be available on the District's website.

BIG SKY SUSTAINABLE WATER SOLUTIONS COLLABORATION

Edwards will present at the next stakeholder's meeting on November 3. A public meeting is scheduled for December 6, 2016, at Buck's T4. All power point presentations have been recorded and are posted on the GRTF website via you tube links.

BSOA POND RESTORATION PROJECT

According to Karl Uhlig, DNRC has 120 days from September 19th to finish its review.

DEVELOPMENTS AND SUBDIVISIONS

Conway Project, Cascade Subdivision: A permit for this very large single family home will be submitted next year. They are currently working on pilings.

Mountain Lakes: Montana Department of Transportation has required an indemnification permit for water and sewer lines in the highway right of way. The MDT permit has been issued.

FIRELIGHT MEADOWS

Matt Huggins from Westfork Utilities reported to Edwards that Firelight is biologically overloaded, not hydraulically overloaded. Further engineering evaluation is needed to evaluate the possibility of using the drain fields there for disposal. The District discussed requiring deed restrictions on open parcels if Firelight were to annex into the District. The board discussed the need to estimate the SFE impact, costs per hookup and taxes for bond fees. The board will not consider Firelight's annexation until all other efforts to make its system work have been exhausted.

Director Ducuennois moved to have Edwards write Firelight HOA asking for a detail of all its efforts to fix their system. Director Shropshire seconded the motion. Motion unanimously passed.

YELLOWSTONE CLUB AGREEMENT

With SP's ratification there can be another YC agreement committee meeting.

NEW DEVELOPMENTS & SUBDIVISIONS

No discussion.

SEWER & WATER PERMIT APPLICATIONS & CORRESPONDENCE

Passing Ordinance 16-1002 released an additional 100 SFEs for permitting,

GENERAL CORRESPONDENCE


There was no general correspondence requiring board action. A joint Madison and Gallatin County Commissioners meeting is scheduled for October 27 in Big Sky.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, November 15, 2016, at 8:00 am.

ADJOURNMENT

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



Dick Fast, Secretary

10-18-16. min (Board Approved 11/15/16)

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – November 15, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Tuesday, November 15, 2016, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves, Secretary Dick Fast and Directors Mike Ducuennois and Brian Wheeler. Directors Bob Shanks and William Shropshire participated via conference call. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, Peter Bedell, and Grant Burroughs.

Others present: Peter Manka, Alpine Water; Kevin Kundert; Four Corners Water & Sewer District; Tim Kent, Big Sky Western Bank; Steve Johnson, Big Sky Planning & Zoning Advisory Committee, Bill Farhat, Big Sky Fire Department; Jon Olsen, Lone Mountain Land Company; Britt Ide, Big Sky Chamber of Commerce; Bob Zimmer, Greater Yellowstone Coalition; and Suzan Scott, Big Sky Owners Association.

PUBLIC FORUM

With no public comment, President Cronin called the meeting to order at 8:04 am.

CONSENT AGENDA

Financials: The 2015-2016 audit should be available for presentation at the next meeting.

Director Reeves moved to approve the consent agenda items with the October 18, 2016, meeting minutes, the October financial report and the operators' reports. Director Fast seconded the motion. Motion unanimously passed.

ASPEN GROVES AREA (COS 1812A)

The Board reviewed William Fallon's (11/9/16) letter, asking the District to consider annexing COS 1812A. Fallon and surrounding neighbors are looking to purchase this 20-acre parcel for open space and to develop up to four single family one-acre lots. Director Reeves disclosed that the property Fallon wants to develop is across the street from his residence. The board discussed the request and the need for the District to figure out its long-term wastewater disposal capacity before considering requests for annexation. Edwards is to start working on a policy, or ordinance, to address these requests.

Director Ducuennois moved to establish a policy over the interim period of the next 1.5 years to not annex any additional property unless there is a benefit to the District. Director Wheeler seconded the motion. Motion unanimously passed.

WESTFORK MEADOWS SEWER DEDICATION AGREEMENT

The District received questions about a potential development on Lot 4, Block 1, where an existing structure is proposed to be torn down and replaced with four residential condominium units. The existing structure is a laundry facility used by River Rock Lodge with 3.0 SFEs assigned. With the Westfork Development agreement not addressing tear downs, Edwards recommended that the board consider obtaining a legal opinion as the developer is proposing to build SFEs over what the lot has. Specifically, will PIC's apply on the additional SFEs? The board directed Edwards to contact legal counsel for an opinion. President Cronin disclosed that he owns two vacant building pads in Westfork and Blue Grouse.

BIG SKY SUSTAINABLE WATER SOLUTIONS COLLABORATION

Edwards spoke at the Solutions Group's last meeting. The presentation is available to view online. The next meeting is December 6, 2016, at Bucks 4-5:30 pm.

BSOA POND RESTORATION PROJECT

An email from Karl Uhlig concludes that DNRC is looking favorable to the application. Suzan Scott reported that the memorandum for fisheries use was sent and there should be a response in a week or so.

DEVELOPMENTS AND SUBDIVISIONS

- 1) President Cronin needs to sign the Ratification Agreement between CH SP Acquisition LLC and the District where CH SP acquires all rights and obligations of Spanish Peaks Holdings II LLC.
- 2) On Tract A-1 parcel, the agreement between A2LD LLC and the District needs to be completed and a boundary line adjustment to create the parcel. Britt Ide recommended that the board consider approving a recycle center on the parcel. Britt said that an RFP is going out to put in a turn lane at the ACE Hardware. If the board is to consider the request, the board will want a firm agreement and plan, and a daily steward for the recycling center. Britte thanked the board for keeping an open mind. The board will entertain the proposal once the District owns the parcel.
- 3) Edwards reported that Lone Mountain Land is planning to start a 48,000 sq. foot mixed use building in the Town Center in the spring. District staff met with the architect to review water and sewer hookups, but building plans have not yet been submitted for a permit.

MEADOW VILLAGE UV DISINFECTION PROJECT

The article on the UV system will be finalized for January or February for the TPO magazine.

SPANISH PEAKS GOLF COURSE STORAGE & IRRIGATION PROJECT

Edwards distributed the draft wastewater irrigation agreement prepared by Gina Sherman. Edwards will meet with Susan and Jon on the draft. The committee will review the revised draft storage and irrigation agreement prior to the next board meeting. The board will review the draft agreement at the December meeting if it is available.

SUCCESSION PLAN

The water system operator job posting is on the District's employment webpage, in the Bozeman Chronicle, and in the Big Sky Explorer. The position has a salary range of \$21.63 to \$28.84/hour DOE. The job description will not require prior certification. The applicant will be hired on a probationary status for 6 months.

YELLOWSTONE CLUB AGREEMENT

The CH SP Ratification Agreement was given to President Cronin for signature.

SEWER & WATER PERMITS & CORRESPONDENCE

There are 107.02 SFEs remaining for permitting.

GENERAL CORRESPONDENCE

There was no general correspondence requiring board discussion.

Edwards attended the joint County Commissioners meeting held in Big Sky, which had a full house attendance.

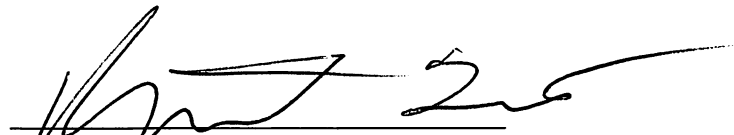
NEXT MEETING

The next Board meeting is tentatively scheduled for Friday, December 16, 2016, at 5:30 pm.

The annual dinner will be held at Olive B's after the board meeting.

ADJOURNMENT

Director Wheeler moved to adjourn the meeting at 9:42 am. Director Ducuennois seconded the motion. Motion unanimously passed.

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

Dick Fast, Secretary

11-15-16. min (12/16/16—Board Approved)

BIG SKY WATER & SEWER DISTRICT NO. 363
Regular Meeting Minutes – December 16, 2016
WSD Community Room

The Big Sky County Water & Sewer District No. 363 held a regular meeting on Friday, December 16, 2016, in the WSD Community Room. President Packy Cronin called the meeting to order with the following board members present: Vice-President Tom Reeves, Secretary Dick Fast and Directors Mike Ducuennois, William Shropshire, and Brian Wheeler. Director Bob Shanks was not present. WSD staff present: Ron Edwards, Marlene Kennedy, Terry Smith, Jim Muscat, and Grant Burroughs.

Others present: Tony Vanorny, JCCS, P.C. (via phone for the audit report); Suzan Scott, BSOA; Kate Ketscheck, Resident/South Fork Lot 10; Bill Fallon, Resident/COS 1812A; and Peter Manka, Resident/Alpine Water.

PUBLIC FORUM

President Cronin called for public comment at 5:00 pm. Bill Fallon asked the board to approve his request made in November for annexing COS 1812A, a 20-acre parcel near Aspen Groves that he is purchasing. Fallon intends to develop a couple of lots with water and sewer hookups and put the undeveloped areas into a conservation easement. After the November meeting, Fallon received Edwards's letter explaining the board's position. Edwards reported on the board's November discussion. Fallon requested that this property be in the cue for water and sewer service if the District expands. *Edwards is working on a policy to address annexation requests.*

With no further public comment, President Cronin called the meeting to order at 5:11 pm.

CONSENT AGENDA

Director Reeves moved to approve the consent agenda items with the November 15, 2016, meeting minutes. Director Shropshire seconded the motion. Motion unanimously passed.

2015-2016 AUDIT

Toni Vanorny reported that no adjusting entries were made. Vanorny will correct the language in the letter and get a new letter out to the District. The audit is a clean opinion.

Director Shropshire moved to accept the 2015-2016 audit as prepared by Junkermier Clark Campanella Stevens, P.C. Director Wheeler seconded the motion. Motion unanimously passed.

SOUTH FORK PHASE 2, LOT 10 – PARTIAL EASEMENT RELEASE

Kate and Mike Ketscheck, the owners of Lot 10, requested a 10-foot release of a 20-foot easement on the east side of the lot. President Cronin disclosed that he owns other lots in South Fork with this type of easements that he will probably request an easement release for. Easements in South Fork Phases 1, 2, & 4 were reviewed. This easement is essentially a double easement, Lot 10 has 30 feet and Lot 18 had 20 feet. Edwards recommended a total 20 foot easement on lots, releasing the 10 feet as requested. Ketscheck intends to build a porch/deck in this easement area.

Director Reeves moved to amend the easement to abandon a 10-foot easement on Ketscheck's, South Fork Phase 2, Lot 10. Director Fast seconded the motion. Motion unanimously passed without President Cronin voting. Ketscheck believes the easement is also in the covenants. Edwards will work with Ketscheck on what needs to be recorded.

BSOA POND RESTORATION PROJECT

Edwards reported that DNRC will be done with the application in mid January. After meeting with DNRC staff, Edwards recommended amending the application to expand the area within the District boundary to prevent DNRC from cutting back on the District's water rights based on 240 acres. Suzan Scott stated that DNRC cannot take away acreage; only the water courts can take away acreage. Scott asked that the District work through Karl Uhlig. DuCuennois reported that the water right change has to be submitted for the acreage for a change of point of use. As long as the District does not add acreage, there should not be any problems. With differing information, Edwards will discuss the issue with Mike Cusick and Karl Uhlig. The District will not ask for a change in volume.

SUCCESSION PLAN UPDATE

The new water operator position has been advertised. Ten applications have been received thus far with a closing date of December 30. Edwards reviewed the interviewing process.

YELLOWSTONE CLUB AGREEMENT

Spanish Peaks Golf Course Storage & Irrigation Project:

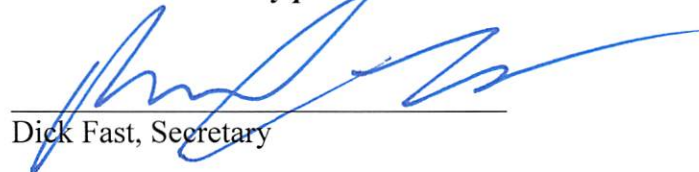
The board reviewed Susan Swimley's letter of 12/15/16 responding to the meeting with the committee. Swimley recommended a bigger scope by cleaning up the YC agreement. The District needs the easement documents through YC properties that Edwards reported have been stalled at the title company. Easements are also needed for the YC pond and the YC and SP golf courses. The developer needs an irrigation agreement with YC and SP. Per the YC agreement, YC is to provide the District an easement for disposal of 160 million gallons effluent on YC's property. This easement document needs to include a map identifying those acres tied to a formula for supporting the disposal of 160 million gallons. It was noted that the effluent YC creates offsets almost what the SP storage will provide. Director DuCuennois stated that the ratification of bringing SP back into the agreement, per Swimley's recommendation, is problematic because of the third entity that would have to be involved. The board wants everything completed with shorter deadlines. *Cronin, DuCuennois, Swimley, Edwards and Olsen will meet to develop a dated strategy for completion. The board authorized the subcommittee to tighten up the timelines in Swimley's letter.* Any board members wanting to participate in the meetings can. Any meeting with a quorum will be advertised. The board wants confirmation that Swimley can meet the District's timelines. Director DuCuennois recommended that the District and YC sit down with DEQ to define the chain of custody of the wastewater. It was reported that Jon Olsen sent the draft irrigation agreement to DEQ to keep the SP pond approval process going.

NEXT MEETING

The next Board meeting is tentatively scheduled for Tuesday, January 17, 2017, at 8:00 am.

ADJOURNMENT

Director Fast moved to adjourn the meeting at 6:00 pm. Director Reeves seconded the motion. Motion unanimously passed.



Dick Fast, Secretary