

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: February 5, 2018

Time: 6:30PM

Place: Gallatin Gateway School, 100 Mill St., Gallatin Gateway, MT

For: Regular Meeting of the Board of Directors

AGENDA

I. Public Participation on Non-Agenda Items¹

II. Conflict of Interest Disclosure²

III. Approval of Minutes

- A. Approval of Meeting Minutes for January 8, 2018

IV. Consent Agenda

- A. None

V. Reports of Officers, Standing Committees, and Special Committees

- A. General Manager Report, Treasurer Report, Approval of Expenditures
- B. Report of Engineer
 - i. Technical Status
 - ii. RUS Reports, Administration and Draw Requests
 - iii. TSEP Reports, Administration and Draw Requests
 - iv. CDBG Reports, Administration and Draw Requests
 - v. DNRC Reports, Administration and Draw Requests
 - vi. INTERCAP Reports, Administration and Draw Requests

VI. Regular Business

- A. Discussion and Decision on Construction Change Order Approving a Cessation of Construction Activities for Winter Shutdown
- B. Discussion and Decision on Resolution Adopting a Policy Concerning Compliance with IRS Requirements for Tax-Exempt Bonds
- C. Second Reading and Decision on Resolution Amending Bylaws
- D. Discussion on Adopting New Rules and Regulations – No Action

VII. Adjourn

¹ The opportunity for members of the public to comment on District matters which are not on the agenda. Time limits may be imposed at the discretion of the President.

² An opportunity for Board members to disclose any potential, perceived or real conflict of interest on any item on the agenda or for any District business.

Gallatin Gateway County Water & Sewer District

MINUTES OF THE

BOARD OF DIRECTORS

A regular meeting of the Board of Directors of the Gallatin Gateway County Water & Sewer District was held at the Gallatin Gateway School, 100 Mill St., Gallatin Gateway, MT, on February 5, 2018. Present at the meeting were board members Ted Border, David Sullivan, and Elana Wexall (Eric Amend and EJ Engler were absent). General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were present. Kurt Thomson from Stahly Engineering was also in attendance. Members of the public included Laramie McCullough, Ruth Hargrove, & Pete Stein.

President Border called the meeting to order at 6:33 p.m. Secretary Maralee Parsons Sullivan recorded the minutes of the meeting.

PUBLIC PARTICIPATION OF NON-AGENDA ITEMS

President Border asked for public comment on non-agenda items. No items were raised.

CONFLICT OF INTEREST DISCLOSURE

President Border asked if there were any items of conflict of interest, or potential conflict of interest, to be raised. None were raised.

APPROVAL OF MINUTES

After confirming that all directors had a draft copy of the January 8, 2018 meeting minutes, President Border asked whether there were any corrections. None were noted. Director Sullivan made the motion to approve the minutes as written, Director Wexall seconded the motion and the minutes were approved unanimously.

REPORT OF OFFICERS, STANDING COMMITTEES, AND SPECIAL COMMITTEES

General Manager Report, Treasurer Report, Approval of Expenditures

GM Matt Donnelly provided the report. He presented the first issue of monthly O&M updates, and requested feedback on the format. He noted that new connections were being made throughout the reporting period, and provided a summary of number of VRU's connected, Total Flow, average & peak daily flows and lift station drawdown cycle times. He noted that some high flows were recently seen, which is now believed to be caused by snowmelt, since the high flows correlate to higher daily temperatures. He noted that none of the manholes have been sealed yet. Manhole rings will be sealed and will have concrete poured around them, which will stop much of the seepage. Road conditions could also be adding to the seepage. Kurt Thomson advised talking with the contractor prior to pigging the force main to ensure warranty is not effected. Mr. Donnelly further noted that he is working with the District's bond council and

USDA on the best way to handle the 3 newly qualified LMI properties and 1 prepaid assessment, for the Series B assessment bond. The Series A & C bonds won't close until there is substantial completion on the project.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2017: The January invoicing was completed for customers who are hooked into the sewer system, prorated to their day of hook-up. Sewer revenues for January are \$2,490, representing 23 accounts and 30 hook-ups. She noted that the District received a refund of its \$1,000 retainer fee from the Helena firm that litigated the 2013 Gateway Village lawsuit. A breakout of the sewer facilities expenses was presented to the Board, and the Board provided feedback that they did not need to see the detail on a monthly basis. Ms. Sullivan noted that cash on hand includes the District's short-term liabilities (tax receipts on the District's assessment bond, as well as a second pay-out from CDBG for 3 additional partials which have been qualified as LMI.) A withdrawal of \$1,186 was made on the District's line of credit in January, as authorized by the Board, to cover the shortfall of payment due on the "stub" line item on JR Civil's previous pay application (she noted the 2 outstanding invoices from EJ Engler and Gwen Allen remain unpaid). The auditors are finishing up their work and an audit report should be available for Board review shortly.

REPORT OF ENGINEER, GRANT AGENCY DRAWS & REPORTS

Kurt Thomson provided the engineer's report. He advised that the contractor has requested a winter shutdown as of 1/26/18, and noted that the contractor has not yet signed the change order. The school was connected prior to the winter shutdown. The contractor is required to be back within 90 days from last day of work (they could come back sooner if weather permits). Liquidated damages will not be accruing during the shutdown. He suspects JR will be requesting that additional days be added to the contract, and a change order is still being negotiated by the contractor and engineer. Mr. Thomson believes an additional 2 months will be required to complete the remaining connections.

Ms. Sullivan presented a draw request from the RD Grant, prepared by grant administrator Teresa Doig:

\$129,039.65	}	JR Civil \$119,705.37	
		Stahly \$9,334.28	} #63 8,137.45 *
			#65 1,196.83

*previously withheld from pay request pending RD approval of contract amendment #10

Mr. Thomson advised that the Contractor is obligated to pay Stahly's additional inspection expenses, per the contract. Mr. Thomson stated he does not believe the District should be withholding any payments from JR as they are continuing to work on the punch list items. He further noted that the engineer has surety payment bonds in place and has made 2 phone calls in reference to them.

Director Wexall moved to approve the JR Civil and Stahly invoices, and the draw request as presented. Director Sullivan seconded the motion. There was no further discussion. The motion carried 3-0.

REGULAR BUSINESS

Discussion and Decision on Construction Change Order Approving a Cessation of Construction Activities for Winter Shutdown

Discussion deferred until the contractor has signed the change order.

Discussion and Decision on Resolution Adopting a Policy Concerning Compliance with IRS Requirements for Tax-Exempt Bonds

GM Donnelly provided a brief background on Resolution 18-02, which outlines the District's responsibilities to comply with IRS requirements for tax-exempt bonds. Following review of the requirements, Director Sullivan moved to approved Resolution 18-02. Director Wexall seconded the motion. There was no further discussion. The motion carried 3-0.

RESOLUTION OF THE GALLATIN GATEWAY COUNTY WATER AND SEWER DISTRICT ADOPTING A POLICY CONCERNING COMPLIANCE WITH IRS REQUIREMENTS FOR TAX- EXEMPT BONDS ISSUED BY THE DISTRICT

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), contains numerous requirements that must be met by issuers of tax-exempt bonds in order for interest on the bonds to remain tax-exempt; and

WHEREAS, the attached policy sets forth a general good faith effort of compliance with such Code requirements and provides guidelines to the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Gallatin Gateway County Water and Sewer District, Gallatin County, Montana (the "District"), as follows:

Section 1. This Board adopts the attached Tax Compliance Policy for Issuance and Post-Issuance of Tax-Exempt Bonds and designates the District Secretary as the Designated Officer to keep the records indicated. The District Secretary is to keep a copy of the policy available for public inspection as a part of the District's records.

Second Reading and Decision on Resolution Amending Bylaws

GM Donnelly again reviewed the changes involved, which are: correction of a typo, change timing of elections as prescribed by law, and change audit requirements to as prescribed by law, or at the request of the Board. Director Sullivan moved to approved Resolution 18-01; Director Wexall seconded the motion. There was no further discussion. The motion carried 3-0.

Amending By-Laws to Govern the Conduct of the District's Business

In a Regular Meeting of the Board of Directors of the Gallatin Gateway County Water & Sewer District, Director moved to adopt a resolution Amending By-Laws to Govern the Conduct of the District's Business.

WHEREAS MCA §7-13-2271(2) prescribes that the Board of Directors of a county water and/or sewer district establish rules for the conduct of its proceedings; and

WHEREAS The Board of Directors has reviewed and received public input on a set of proposed amendments to the District's By-Laws.

NOW THEREFORE, IT IS RESOLVED, That Article VI, Section 5 is amended as follows: replace "major" with "majority".

RESOLVED, That the last sentence of Article VI, Section 6 is amended as follows: replace "and elections shall be held in November of every odd year thereafter (§7-13-2234(5) & §7-13-2236(1), MCA)." with "and elections shall thereafter be

held as prescribed by law.”

RESOLVED, That Article VII, Section 1(D) is amended as follows: replace “Completion of an annual independent audit of the books and accounts for the District.” with “Completion of an independent audit of the books and accounts of the District when required by law or as desired by the Board of Directors.”

RESOLVED, That the Gallatin Gateway County Water & Sewer District does hereby approve and adopt the amendments as presented.

RESOLVED, That the By-Laws be authenticated as such by the Secretary and placed in the minutes book and that a full and true copy of the By-Laws be kept at the District Offices for inspection by members of the public at all reasonable times during business hours.

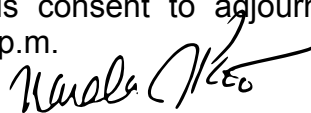
ADOPTED by the Board of Directors of the Gallatin Gateway County Water & Sewer District, Gallatin County, Montana, this 5th day of February, 2018.

Discussion on Adopting New Rules and Regulations – No Action

GM Donnelly noted that a change to the District’s Rules and Regulations (“Rules”) will require a public hearing and must also be noticed by a mailing and advertisements. There was some general discussion on rates, and whether or not there will be enough data by this spring to discuss rates. There was a question from the public (Ms. Hargrove) inquiring on what the rates are. Mr. Donnelly advised that the rate is \$69.30 per unit (VRU).

Mr. Donnelly reviewed 4 sections of the Rules, specifically, which he recommends for review at a future rate hearing. 1) discussion on whether to enact a new authorization to impose fees on excessive flows; 2) discussion on late fees; 3) discussion on the application process, specifically there currently is no provision for a property already connect to request new capacity; and 4) adding additional provisions to the generic state public work standard for service lateral connections. There was general discussion on these issues and the Board agreed a hearing should be scheduled for this April or May.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 7:41 p.m.



Secretary