ROLL CALL
Mike Boltz President PRESENT Mike Lindemer Vice President PRESENT
Bob Skiles Director PRESENT Davy Good Director ABSENT
Mark Butcher Director ABSENT Felicity Derry Secretary PRESENT
Greg Robertson Missoula Co PRESENT Amy Rose Missoula Co PRESENT
Public Attendance - Appendix A

OPENING:
The meeting was called to order by Mike Boltz at 5:24pm at The County Offices, located on Highway 83 N.

PUBLIC COMMENTS:
Chris Volinkaty said that she had been trying to build a cabin for twelve and a half years, but because of the pollution she had been unable to do so, and volunteered her time if needed.

CORRESPONDENCE:
None.

MINUTES:
Board Meeting April 21, 2016
The minutes of the Board meeting held on April 21, 2016 were presented to the Board for review.

Bob Skiles moved to approve the minutes of the Board meeting held on April 21, 2016 as presented. Mike Lindemer seconded the motion, which was then passed unanimously.

INVOICES:
May 2016
Felicity Derry reviewed the invoices for the Board.

Bob Skiles moved to approve the May 2016 invoices for payment as presented. Mike Lindemer seconded the motion, which was then passed unanimously.

FINANCIAL REPORTS:
March 2016
Felicity Derry reviewed the March 2016 financial reports for the Board, noting that there had been little activity in March.
Bob Skiles moved to approve the March 2016 financial reports as presented. Mike Lindemer seconded the motion, which was then passed unanimously.

**MANGER'S REPORT:**
Amy Rose circulated the updated funding status report to the Board. It reflected the Great West Engineering (GWE) invoice that had been approved at the last meeting. Once the STAG reimbursement form for the last invoice was signed, it would be submitted.

GWE had requested clarification on some updates. GWE had not submitted an invoice as they had been advised to hold off on any design tasks while the Rural Development (RD) negotiations continued as some items were being eliminated and final design would be impacted.

Amy Rose continued that a forcemain question had arisen during a side conversation between Craig Pozega and Mike Boltz, and confirmation was needed that it should be relocated back to Airport Road. To date everything had been designed using the preferred alternative as had been the consensus. To go back would have other effects with no real benefit, unless there was something else that needed to be addressed. Mike Boltz said that he was unaware of a working easement. Greg Robertson said that an easement could be obtained from the high school, and another one at the top of Cedar Lane. Then it was a straight shot to the entrance road to the plant. The easement across the DNRC land to the plant had already been secured. Putting the main along Airport Road would cause a design revision cost and a significant cost increase, including restoration work, with little benefit. It would be advantageous to pick up the high school, and that could be done with the current forcemain plan. Mike Boltz noted that changing the forcemain location would enable side streets to be included, whereby increasing the customers, but understood the reasoning to not make a change. Greg Robertson replied that the current plan was the path of least resistance. The school could be included, the other areas would need a fairly high pressure lift station. The current route was also the cheapest alternative to the plant for reliable service from MEC.

Mike Boltz noted that he would like the main going north to Phase IV to be behind the motel in the existing power and water easement rather than through the parking lot. Greg Robertson replied that it would be in the public right-of-way on Highway 83. Mike Boltz added that to enable the main to run in the back he would be willing to grant an easement. Greg Robertson noted that it was a long way off, and the major focus was to get the current project done. He would recommend that the Board continue with the current forcemain location and co-locating with MEC for service. Bob Skiles added that he had spoken with the property owners at the top of Cedar Lane about granting the District an easement and they were agreeable to it.

Amy Rose said that splitting the project into two pieces had previously been discussed. One would be for the treatment plant and the other the collection system; however it was dependent on the negotiations with RD.

GWE had submitted a request for an engineering amendment. GWE had been responding to requests while working through the RD negotiations. These were not covered in the scope of their original contract. A cost breakout to date had been provided, as well as anticipating future needs to finalize the RD process. This amendment was for an additional $25,000 to the current amendment. The services performed through April that had not been billed were approximately $12,000. Greg Robertson added that RD had requested additional analysis and supplemental information from GWE, and recommended that the amendment be approved and then closely monitored. Bob Skiles
asked if the District could get a grant from RD to cover the additional cost. Greg Robertson replied that while it would be nice, it would not happen.

Bob Skiles moved to approve the GWE contract amendment #6. Mike Lindemer seconded the motion, which was then passed unanimously.

Greg Robertson informed the Board that the time clock with RD had not started, and had agreed to let the District get through the assessment methodology negotiations. Meetings continued and some minor analysis still needed to be done. The magic number for Phase I was $170 per month, made up of $70 debt service and $100 operation and maintenance (O&M). The debt service could be lowered $30-$35 per month with a different assessment methodology to spread out the assessment, depending on bond counsel approval. Mechanical plants were expensive to run. He had reviewed GWE’s budget, thinking that there might be some cost savings available, but not enough to get it where it needed to be. RD wanted a firm O&M budget and the corresponding rates and charges. After reviewing the O&M budget there was very little that could be whittled out. Unfortunately there were not enough users to spread the cost more equitably. The District already had reserves being built up and the plant would not have to be operated for at least two years, assuming the project started fall 2016. There was still time to build up more reserves. Maybe the assessments could be ramped up and used to lower the cost for Phase I customers. Then get more customers hooked up. It was somewhat risky. Hopefully the proposal would be delivered to RD tomorrow.

Mike Lindemer asked Walt Hill how much the resort tax could generate. Walt Hill replied that it was roughly $150,000 per year. However if Seeley Lake would incorporate a tax increment district could be created. As development happened property taxes would increase. With a tax increment district all of the increments in property taxes that accrued for the next 20 years would come back to the community and not go to the County. For instance in West Yellowstone and Big Sky the tax increment district accounted for more than the resort tax. If Seeley Lake incorporated between that and the resort tax $200-250 per year could be generated. If it all went to the sewer it could significantly lower the cost to the customers.

Mike Boltz questioned if the out of state land owners would be able to vote. Walt Hill replied that there were out of state people that were registered to vote in Montana. Mike Boltz questioned who would vote for the resort tax. Walt Hill replied that the land owners voted and explained the mechanics of the resort tax, which was then discussed.

Mike Boltz noted that LOR was willing to fund educating the public on the sewer project and would hire a PR firm. Gary Miller added that a donation of $50,000 to the project, via the foundation was waiting to be made. Mike Lindemer questioned where the best place to use the money would be. Gary Miller said that the check was waiting to be written. Bob Skiles said that he had not previously heard about that donation. Mike Lindemer replied that the bank donating money had previously been mentioned. Bob Skiles said that he did not agree with hiring a company from out of town or out of state. The two GWE people that did the site surveys talked to everybody and only had one negative person. If the District was going to spend that kind of money GWE should be hired to do the job. Greg Robertson said that no District money would be spent. It was between LOR and the Community Foundation. LOR wanted to be an advocate in getting the word out. The $50,000 mentioned from the bank could be used to lower operating expenses in the first couple of years, whereby lowering the burden to the customers. Or used to buy down the debt service. He did not recommend closing the door on any opportunity. Mike Lindemer added that the Board was aware of the $50,000 donation and it had been in the minutes. When it was first discussed it was to be
used to help out the lower income residents. After the previous discussion the Board would be able to use it as they saw fit. Gary Miller said that the check would be written to the foundation on the District's behalf.

Mike Boltz noted that there were many people outside of the District that would like to have an easy route to donate money, even on a monthly basis and wondered how that could be done. Nathan Bourne questioned if the landowners in the future phases accepted the monthly operating cost, even though they did not have service, would that lower the monthly operating cost? RD estimated that the O&M for the 152 users would be $103 per month. If there were 204 users it dropped to $77 per month. It might be a good idea to reach out to the future phases to help pay and lower the cost for Phase I, the poorest part of town. Mike Lindemer replied that the Board was aware of the burden on Phase I. Greg Robertson noted that the debt service would be fixed, but the operating costs, depending on how they were spread and the number of customers, could be lowered per customer. Nathan Bourne noted that if 100 people would sign on it would lower the individual O&M cost. For people that could not build on their property because there was no sewer it could be beneficial. The core of town comprising of the lower income households would be the ones that decided if there was a sewer. Most of the benefit of the sewer was outside of the core of town.

Mike Lindemer asked if the assessment fee would go away. Greg Robertson replied that it was a special assessment that could be modified for people that were not receiving service. It probably could be modified to be used for administration costs of the plant. There would need to be a hearing.

Amy Rose added that the Board had not seen a proposed budget because there were still too many issues up in the air. There would need to be a public hearing by August in order to get the required information to the Department of Revenue (DOR). Greg Robertson said that the process for the assessment had to be done in July and August and submitted to the DOR. Discussion on this and the election followed.

Chris Volinkaty asked if only the people that lived in Phase I voted. Greg Robertson replied that using RD's method that was correct. Phase I determined the fate of the entire District. His proposal would spread the assessment based on the benefit to serve all phases. It would encompass the large infrastructure that would not have to be changed to accommodate all four phases. That way everybody would share in the cost and therefore would get a vote.

Chris Volinkaty questioned that a good share of Phase I had the lowest income. Greg Robertson replied that it was; however it had the densest population and needed it the most. Gary Miller added that the whole community needed to support the people in Phase I. That could be done by utilizing the resort tax or people paying money into the District. Many people would be willing to pay $200-$300 per year to support the people in Phase I because everybody would benefit. Greg Robertson said that his methodology could shift the burden away from the people that could least afford it. RD would essentially use a latecomer’s agreement for the future phases. Greg Robertson did not feel that was fair as all of the burden was placed on Phase I. The grant funds benefitted the entire District, not just Phase I.

Walt Hill asked if there was any way to get rid of the phases and just do the entire system. Greg Robertson replied that the District was already at the outer boundary of what RD was capable of doing. The District was sitting on the largest grant that had ever been given in Montana in RD's history. Thirteen other projects had been delayed. There was $8 million of grant funds. The loan
was $3.5 million, which was spread over a small area. He was trying to spread it over all four phases, but he had to convince RD.

Walt Hill asked what the mill limit on the assessment was. Greg Robertson replied that there was not one for special assessments. Walt Hill asked if the assessment could be raised from $70 per year to $200-$300 per year. Greg Robertson replied that it would be a special assessment line item on the tax bill, as it was not based on the property value. Discussion followed.

Mike Boltz questioned if 100 people signed up to pay $50 per month, would it lower the cost by $50 for the people in Phase I. Greg Robertson replied that hopefully by next month's meeting the assessment methodology would be nailed down.

Amy Rose noted that if RD approved the assessment methodology the public process needed to move forward. That amount would be used to get through the public process. The RD agreements would not be closed because of interim financing. The hope would be that the bids came in low, to get as many people as possible to sign on, and collect grants and contributions from outside sources. However because it could not be committed in time, it would not be able to be used for the public process. Greg Robertson added that the question was if the Board of Directors were authorized to market bonds. The O&M cost was based on an estimate. There was no real time data, it was an educated opinion.

Nathan Bourne noted that if RD had said that if people would sign on it could lower the number that would be advertised. The issue was there were 150 people in Phase I, if only 50 people signed the paper before the vote then the cost that the voters would have to be told would be much more. Greg Robertson replied that was using RD's math, he was not. Discussion followed and Greg Robertson requested that Nathan Bourne call him tomorrow for further discussion.

OLD BUSINESS:
Rural Development Funding Obligation

NEW BUSINESS:
None.

NEXT REGULARLY SCHEDULED MEETING: June 16, 2016

ADJOURNMENT OF MONTHLY BOARD MEETING:

Mike Boltz adjourned that meeting at 6:33pm.
Attest:

____________________________________
Mike Boltz, President

________________________
Felicity Derry, Secretary