



Board Meeting Agenda for Tuesday, September 21, 2021 @ 6:30 pm

At The

Four Corners Water & Sewer District Office, 495 Quail Run Road,

Bozeman, MT, 59718

Regular Monthly Meeting

- 1) Call to Order
- 2) Approval of Draft Meeting Minutes from June 15, 2021
- 3) Approval of Draft Meeting Minutes from August 17, 2021
- 4) Public Comment: Non-Agenda Items- Time Limit on public comment 5 minutes

I. General Business

- 1) New Board Member- Michele Piazza
- 2) Ordinance 2021-11- Firepond Point, LLC Second Reading
- 3) Ordinance 2021-10- Bill & Tidd First Reading
- 4) Ordinance 2021-12- WTGC, LLC First Reading
- 5) Ordinance 2021-13- 8330 Huffine, LLC First Reading
- 6) ARPA Status and Capital Projects
- 7) Bond Discussion/Possible Resolutions
- 8) Monthly Operation & Maintenance Report
- 9) Monthly Financial Report
- 10) General Manager Topics
- 11) Board Member Topics
- 12) Closed meeting due to employee issues- MCA section 2-3-203

II. Next Meeting Date – Tuesday October 19, 2021

III. Adjourn Meeting

**FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
REGULAR MEETING, June 15, 2021**

Call to Order

Vice President Nancy Flikkema called the regular meeting of the Four Corners Water and Sewer District (FCWSD) to order at 6:31 pm on Tuesday, June 15, 2021, at the office of the Four Corners Water & Sewer District at 495 Quail Run Road, Bozeman, Montana.

Board Members present: Vice President Nancy Flikkema, member Bob Thelen, member Brad Early

Staff/Public present (including those via Zoom): Phil George from FCWSD; Amy Ellingson from FCWSD; RJ Klotz; Amanda Knutson; Kyle Griffith; Jim Dolan; Tom Kallenbach; Matt Elwell; Michele Piazza; "iphone user unknown"; "John and Barb"; and Libby Kueneke, Secretary

Approval of Minutes

In Resolution 2021-06, \$10,500 was clarified as the amount specified for the sewer capacity fee as water and sewer must be tracked separately. Water, \$3,500, and sewer, \$10,500, combine to total \$14,000.

Motion: Member Bob Thelen moved to approve the minutes as written. Member Brady Early seconded. No public comment. The minutes were approved 3-0.

Public Comment on Non-Agenda Items:

RJ Klotz, resident of the Northstar Homeowners Association on Timberview, expressed interest in joining the 4 Corners Water and Sewer District Board due to past experience including Water Well Driller, Wildland Firefighter, Big Sky Chamber of Commerce Director of membership sales with communication with Big Water and Sewer District, and Four Corners' Wildfire Defense Systems.

GENERAL BUSINESS

Ordinance 2021-08-Brooks/Lennon- 2nd Reading

Ordinance 2021-08: An Ordinance Accepting the Annexation Petition of Andrew & Mandy Brooks and Matthew & Brindley Lennon for annexation into the Four Corners Water & Sewer District

The property is located east of Town Pump on Valley Center Road. The petition is for 1 EDU for an office connected to their storage unit area. Phil recommends approval.

Motion: Member Brad Early moved to pass the 2nd reading of Ordinance 2021-08; member Bob Thelen seconded. No public comment. Motion passed 3-0.

Ordinance 2021-09- Childre- 2nd Reading

Ordinance 2021-09: An Ordinance Accepting the Annexation Petition of James & Erin Childre for annexation into the Four Corners Water and Sewer District

The property is located north of Monforton School on Monforton Road. The petition is for 1.5 EDUs. The request is for sewer service only. The .5 EDU is for an ADU. Phil recommends approval.

Motion: Member Bob Thelen moved to pass the 2nd reading of Ordinance 2021-09; member Brad Early seconded. No public comment. Motion passed 3-0.

2021-2022 Budget Approval Resolution 2021-08

Resolution 2021-08: A resolution of the Four Corners Water and Sewer District to approve the 2021-2022 Budget.

The district was presented a draft budget on May 18, 2021. \$18,000 has been added to the Professional Services category to increase IT security for the 2021-2022 year in light of recent nationwide internet hacking activity. A service Internet Provider Company proposed a 3 year commitment for \$1,500 per month. \$18,000 is a fixed price, but costs will fluctuate depending on the number of computers and laptops covered.

Motion: Member Bob Thelen moved to pass Resolution 2021-08; member Brad Early seconded. No public comment. Motion passed 3-0.

Bond Discussion/Possible Resolutions

Phil George provided the report.

FCWSD has good bonds in place but is looking to refinance bonds to a lower rate. No new proposal has come, but FCWSD is preparing. Paperwork should be complete in a few weeks, which may require a special meeting if an acceptable proposal is received.

Capital Improvement Plan-Discussion

Phil George provided the report.

- Capital Improvement Discussions seek to capture ARPA funds.
- Interfacing with county and state.
- Gathering preliminary engineering reports to get matching funds for each of FCWDs 5 projects.
- County not yet ready to discuss plans for their \$22 million dollars.
- State has seminars and online applications with directions to pursue accessing funds.
- Morrison-Maierle is assisting and providing PERs on 4 projects.
- Seeking a fully integrated SCADA project to refresh all FCWSD SCADA. The originator of the SCADA project, Larry, and the GM will meet June 16th to prepare for submission.
- State requires submission by July 15h.

Monthly Operations and Maintenance Report

Phil George provided the report.

- Rapid Infiltration Phase 1 of new ponds adjacent to WRF is complete. Phase 2 should be completed by July 1st.
- Lightning strike ruined some components but is covered under maintenance.
- SBR phase 2 construction is slated to be finished in August, awaiting shipment of the MCC master control panel.

General Administration Activities and Issues

Amy Ellingson provided the report.

- Both new employees began.
- Paving of the parking lot pushed to June 29th to increase the paving an inch to allow utility for heavier trucks.
- Summertime maintenance by new employees is underway.
- FCWSDs retirement and social security provider, Primerica, has their annual representative meeting at the end of June.
- Met with Wolfguard to discuss and get a bid for security and IT support.

- Passed a surprise State safety inspection. Now posting OSHA regulations on jobsite illnesses and injuries.
- Settled with SCS which built the WRF. Finalized paperwork should come by the end of June.
- More money has been transferred to STIP.

Monthly Financial Report

Amy Ellingson provided the report.

- The Office Expenses and Shared Expenses continue to run over
- Overall, the budget is running under what is budgeted so far this fiscal year.
- Water running over budget for expenses, partly due to repair expenses
- Overall, water is under.
- Sewer is running over budget in income and running under budget for expenses

Manager Topics

Phil George provided the report

- Main goal is getting approvals ready this next month to access ARPA funds, maintaining progress with DEQ, and finishing outstanding legal issues with the FCWSD attorney.
- The new plant's odor issue is improved. Absorption crystals and a berm with plants and trees need to be added. A biofilter needs to be enclosed.
- One property owner believes the new WRF near him has devalued his property. A berm has been added to make it less visible. Adding trees and shrubs will make it even less visible in the future.

Board Member Topics

No board member topics.

Public Comment:

- Tom Kallenbach asked how the \$1.5 million to update Elk Grove's water booster system will be used, what is broken, and where to find engineering plans. He stated the lawsuit will continue.
- Plans will be ready later this week. The system will receive a complete booster replacement and upgrade to give broader capability and better reliability and service. No funds will be used to move water offsite; FCWSD doesn't have that legal right. The variable frequency pumps will not be removed. The GM is seeing if the tank can be enlarged to provide for potential commercial lots and a request to purchase pasture where FCWSD wells are located.
- Michelle Piazza asked why the pumps are being replaced and the system is being expanded if the system isn't broken, no new people are coming out, and the water isn't being moved off site.
- After 16 years with no preventive maintenance by the previous company, there is rust and a broken in-line meter which creates a possibility of having a system failure on this isolated system without backup systems. The GM offered a tour of the needs and damage.
- Matt Ellwell asked if \$1.5 is a projected cost, if FCWSD has gotten quotes, and how far into the process FCWSD has gotten. He is concerned of the cost and how it compares to the upgrade costs stated at Elk Grove's annexation.
- The GM isn't privy to conversations at Elk Grove's annexation. He offered to show and explain the needs and plans. \$1.5 is a high budget and a guess. The GM is seeking matching funds from the ARPA. He has not yet received bids to substantiate the costs.

- Tom Kallenbach said he believed the amount allocated for upgrading the booster station at Elk Grove's annexation was around \$100,000. He asked why APK was allowed to connect last year with no hydraulic analysis. He said he believed the issue has built over time and APK shouldn't have been allowed to connect. He requested the board's resignation.
- The GM clarified the potential system failure isn't imminent, but the system is in poor condition.

Next Meeting Date: Tuesday, August 17, 2021

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of June 15, 2021 adjourned at 7:05 p.m.

Libby Kueneke, Secretary

DRAFT

Amy Ellingson

From: Thomas Kallenbach <tjkallenbach@gmail.com>
Sent: Tuesday, August 17, 2021 6:05 PM
To: Amy Ellingson
Subject: Draft Minutes

Dear Ms. Ellingson,

Please accept this as written comment and objection to the proposed meeting minutes of the June 15, 2021, which are included in the packet of materials for the August 17, 2021 meeting.

Among other matters, I strenuously object to the last bullet point on the last page of the proposed minutes. In particular, the Secretary has drafted that “the GM clarified the potential system failure isn’t imminent, but the system is in poor condition.” This proposed memorialization is grossly understated and mischaracterized. In fact, the GM, Phil George, stated twice that the system is in danger of “catastrophic failure” and possibly indicated urgency, if not imminence, to that danger. He further reported that the risk and danger resulted from approximately 16 years of no maintenance to the system.

The GM’s report was alarming and intended to be alarming. The “poor condition” representation conceals and masks the full extent of the public report made to this Board.

I am also formally requesting the recording of the meeting be preserved in full and produced. There were many persons who attended and heard the alarming comments, all of whom can testify to it and will provide affidavits. However, the Zoom meeting was recorded as announced, and I insist that it be preserved and produced. Its destruction constitutes a violation of the public records act and spoliation of evidence.

The Board should not approve the minutes as written. This objection notice should be made part of the public record and preserved together with the records of the June 15, 2021 meeting.

Sincerely,

Tom Kallenbach

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES DRAFT

REGULAR MEETING, August 17, 2021

Call to Order

President Cory Klumb called the regular meeting of the Four Corners Water and Sewer District (FCWSD) to order at 6:33 pm on Tuesday, August 17, 2021, at the office of the Four Corners Water & Sewer District at 495 Quail Run Road, Bozeman, Montana.

Board Members present: President Cory Klumb, member Bob Thelen, member Brad Early, member Nancy Flikkema

Staff/Public present (including those via Zoom): Phil George from FCWSD; Amy Ellingson from FCWSD; Brad Hammerquist; Michelle Fitzgerald; Michelle Piazza; Tom Kallenbach; Ellie Lehrkind; Carl Lehrkind; and Libby Kueneke, Secretary

Approval of Minutes

June 15, 2021 Board Meeting

June minutes will be posted online for public comment and discussed for approval on September 21.

Public Comment on Non-Agenda Items:

No public comment.

GENERAL BUSINESS

WRF Odor Problem

Odor complaints are ongoing and new around the new WRF. Morrison-Maierle and FCWSD toured the site and detected odor at several sources, most concentrated at the IPS. Engineering is increasing agitation to address solid grease buildup. They placed a valve in its proper position, removed concrete form boards, added scent bags, and increased bark depth 3 feet to create air gap and increase bark contact to foster microbial growth. They will install a removable cover on the ISP in September. A tarp covers the ISP until then. They will duplicate the biofilter with a modified design and divide air output of the IPS through both. Alteration costs are estimated at \$20,000.

History of Fire Charges Lehrkind- Fire

The owners raised questions on the amount of water and the price of the water used for an out of district fire.

FCWSD will research and investigate with the water operator, operational manager, other districts and the Lehrkinds and reconvene to discuss further.

Ordinance 2021-11 1st Reading

Ordinance 2021-11: An Ordinance Accepting the Annexation Petition of Tara Olson for annexation into the Four Corners Water and Sewer District

The property is located in the Kennedy subdivision. The company will build 16 commercial units and no residential units. The petition is for 16 EDUs. Phil recommends approval.

Motion: Member Brad Early moved to pass the 1st reading of Ordinance 2021-11; member Nancy Flikkema seconded. No public comment. Motion passed 4-0.

Resolution 2021-09 Tax Assessment

Resolution **2021-09**: A resolution of the Four Corners Water and Sewer District special assessment.

The bond went down \$34 from last year and 127 properties have been added. This assessment will be sent to the treasurer to apply to property taxes.

Motion: Member Nancy Flikkema moved to approve Ordinance 2021-09; member Bob Thelen seconded. No public comment. Motion passed 4-0.

Resolution 2021-10: Fire Protection

Resolution 2021-10: A Resolution of the Four Corners County Water and Sewer to increase cost for out of district fire coverage.

The price for out of district lot coverage for fire protection was set at \$2,800/lot covered in 2011. This resolution raises the price \$1,000 to be \$3,800/lot covered to adjust for inflation. In case of an installed system outside of the district, the installing party will be assessed \$150 per hydrant per year. GM will ask the fire marshalls if this system is recommended in their districts and report to the board.

ARPA Status and Capital Projects

Phil George provided the report.

- Elk Grove Water Distribution Upgrade will go to DEQ next week at \$1.1 million
- The Wastewater Elk Grove Life Extension should go to DEQ next week
- The SCADA System is at \$1.2 million
- The WRF SBR 3 & 4 should go to DEQ in early September
- The 4 capital projects received a middle tier score. The request goes to the legislative committee August 27th and then to the governor to sign in October.

Bond Discussion Update

Phil Geogre provided the report

- Speaking with those making the bond proposal. They assure results. No results reported.

Monthly Operations and Maintenance Report

Phil George provided the report.

- SBR 2 completion and commissioning set back a week; should be operational in September
- When SBR 2 is assured as operational, Elk Grove will be shut down to clean and restore
- Meter vaults for Commerce and North Lift Stations are installed. The final electrical installation will occur later this month.
- Northstar Well #1 electric power conditioning improvements complete; well soon back in service
- WRF odor improvements are underway
- All three tanks were inspected, cleaned, and repaired in July 2016 and again in October 2019. All three tanks were inspected and installed with passive anodes in August 2020.
- In Elk Grove water system, FCWSD has taped in a pressure sensor, replaced the VFD (control RM), installed 3 new VFDs at the pumps, replaced the power distribution system, replaced the blow off and completed preventative maintenance of filters, grease, cleaning and resupply.

Monthly Financial Report

Amy Ellingston offered the report.

- Contract for security with WolfGuard IT is in place and functioning
- ARPA submittal is under review and being tracked for updates
- All new Fleet Trucks have been received
- The audit has been started and should be completed in a few months
- The district and Elk Grove July bill included a pamphlet on drought and water conservation

- The district August bill and Elk Grove September bill will include a pamphlet on grease disposal
- Over budget in vehicle expenses due to new truck
- Over budget in professional services due to bill from the district engineer.
- Very over budget in water usage- in peak irrigation system months
- Under budget on water operation of systems and repair and maintenance
- Under budget on sewer, operating expenses and repairs and maintenance.
- In repairs and maintenance, FCWSD ordered parts for WRF projects.
- Started sewer obligations for 2023 for SBR 3 & 4

General Manager Topics

Phil George provided the report.

- RI basin 5 is complete; RI basins 5& 6 are up and operational
- Settlements are reached with SCS and Blackbull

Board Member Topics

No board member topics.

Public Comment:

A question was asked if any items FCWSD said Elk Grove would have to pay solely if Elk Grove didn't annex and would be covered by the district if they did annex are completed. This topic isn't an agenda item and won't be discussed today. A request was made for it to become an agenda item for the next meeting.

Next Meeting Date: Tuesday, September 21, 2021

Adjourn

There being no further business before the Board, the Four Corners Water & Sewer District meeting of Tuesday, August 17, 2021 adjourned at 7:54 p.m.

Libby Kueneke, Secretary

Ordinance 2021-10

ORDINANCE ACCEPTING THE ANNEXATION PETITION OF BILL & TIDD'S EXCELLENT, LLC FOR ANNEXATION INTO THE FOUR CORNERS WATER & SEWER DISTRICT

WHEREAS, BILL & TIDD'S EXCELLENT, LLC, a Montana limited liability company with address 1019 E. Main Street, Bozeman MT submitted a petition, signed by William "Bill" Langlas purporting to be an authorized manager, for annexation of real property being described as Tract 5 of Dykstra Minor Subdivision No.. 526, being located in the W ½ of Section 24, T1S, R4E, P.M.M. Gallatin County Montana being approximately 26 acres in size ("Property") requested that the Property be annexed into the Four Corners County Water and Sewer District to connect to water and wastewater services; and

WHEREAS, the Property is contiguous to the District boundary; and

WHEREAS, on May 18, 2021 at a duly noticed meeting of the Board of Directors, the Board considered the Petition to annex the Property and determined the Property was contiguous and further determined that the systems have capacity to provide service to the Property; and

WHEREAS, BILL & TIDD'S EXCELLENT, LLC will provide evidence of purchased of water rights to serve the Property need to be provided for 10 EDU (1600 gpd total) and have agree to pay the water and wastewater fee per EDU to the District; and

WHEREAS, the Property will need to provide its own irrigation water.

NOW THEREFORE, be it ordained by the board of directors of the Four Corners County Water and Sewer District Board, by passage of this ordinance, the District does agree to annex the Property, described above, into the District after transfer of water rights & payment of fees water and sewer service for 10 EDUs (1600 gpd total).

Landowners/petitioners acknowledge that should additional structures which utilized water and/or sewer on the Property seek service, the District makes no representation that the District will have sufficient water or sewer capacity to service future structures.

ADOPTED by the Board of Directors of the Four Corners County Water and Sewer District after first reading on September 21, 2021 with a vote of ___ in favor and ___ against and second reading on _____, 2021 with a vote of ___ in favor and ___ against. This Ordinance shall be in effect 30 days after the date of the second reading.

1st Read and approved:
Dated: September 21, 2021

Four Corners County Water and
Sewer District

By: _____
Its: _____

Attested:

Secretary

2nd Read and approved:
Dated: _____, 20__

Four Corners County Water and
Sewer District

By: _____
Its: _____

Attested:

Secretary

Ordinance 2021-11

ORDINANCE ACCEPTING THE ANNEXATION PETITION OF FIREPOND POINT LLC, FOR ANNEXATION INTO THE FOUR CORNERS WATER & SEWER DISTRICT

WHEREAS, OF FIREPOND POINT LLC, submitted a petition, signed by Tara Olson, purporting to be an authorized manager, for annexation of Lot 5A of Block 2 of Fire Pond Open Space, Kennedy Subdivision, Gallatin County Montana with mailing address of PO Box 10303, Bozeman, MT 59719, being described as being located in Kennedy Subdivision, being located in Section S35, T01S, R4E, P.M.M. Gallatin County Montana being approximately 1.874 acres in size ("Property") requested that the Property be annexed into the Four Corners County Water and Sewer District to connect to water and wastewater services; and

WHEREAS, the Property is contiguous to the District boundary; and

WHEREAS, on June 15, 2021 at a duly noticed meeting of the Board of Directors, the Board considered the Petition to annex the Property and determined the Property was contiguous and further determined that the systems have capacity to provide service to the Property; and

WHEREAS, FIREPOND POINT LLC will provide evidence of purchased of water rights to serve the Property and transfer of the same to the District in the amount needed to provide for 16 EDU (2,560 gpd total) and have agree to pay the water and wastewater fee per EDU to the District; and

WHEREAS, the Property will need to provide its own irrigation water.

NOW THEREFORE, be it ordained by the board of directors of the Four Corners County Water and Sewer District Board, by passage of this ordinance, the District does agree to annex the Property, Lot 5A of Block 2 of Fire Pond Open Space, Kennedy Subdivision, located in Section 35, T01S, R4E, P.M.M. Gallatin County Montana described above, into the District after transfer of water rights & payment of fees water and sewer service for 16 EDUs (2,560 gpd total).

Landowners/petitioners acknowledge that should additional structures which utilized water and/or sewer on the Property seek service, the District makes no representation that the District will have sufficient water or sewer capacity to service future structures.

ADOPTED by the Board of Directors of the Four Corners County Water and Sewer District after first reading on August 17, 2021 with a vote of 4 in favor and 0 against and second reading on _____, 2021 with a vote of ___ in favor and ___ against. This Ordinance shall be in effect 30 days after the date

of the second reading.

1st Read and approved:
Dated: August 14, 2021

Four Corners County Water and
Sewer District

By: [Signature]
Its: President

Attested:

[Signature]
Secretary

2nd Read and approved:
Dated: August 17, 2021

Four Corners County Water and
Sewer District

By: _____
Its: _____

Attested:

Secretary

Ordinance 2021-12

ORDINANCE ACCEPTING THE ANNEXATION PETITION OF WTGC, LLC FOR ANNEXATION INTO THE FOUR CORNERS WATER & SEWER DISTRICT

WHEREAS, WTGC, LLC, a Montana limited liability company with address of 19 Intrepid Dr. Bozeman MT submitted a petition, signed by Mark Easton, purporting to be an authorized manager, for annexation of Tract 3 of Dykstra Minor Subdivision No 526 located in Section 24, T1S, R4E, P.M.M. Gallatin County Montana being approximately 40 acres in size ("Property") requested that the Property be annexed into the Four Corners County Water and Sewer District to connect to water and wastewater services; and

WHEREAS, the Property is contiguous to the District boundary; and

WHEREAS, on September 21, 2021 at a duly noticed meeting of the Board of Directors, the Board considered the Petition to annex the Property and determined the Property was contiguous and further determined that the systems have capacity to provide service to the Property; and

WHEREAS, WTGC, LLC, will provide evidence of purchased of water rights to serve the Property need to be provided for 50 EDU (8,000 gpd total) and have agree to pay the water and wastewater fee per EDU to the District; and

WHEREAS, the Property will need to provide its own irrigation water.

NOW THEREFORE, be it ordained by the board of directors of the Four Corners County Water and Sewer District Board, by passage of this ordinance, the District does agree to annex the Property, described above, into the District after transfer of water rights & payment of fees water and sewer service for 50 EDUs (8,000 gpd total).

Landowners/petitioners acknowledge that should additional structures which utilized water and/or sewer on the Property seek service, the District makes no representation that the District will have sufficient water or sewer capacity to service future structures.

ADOPTED by the Board of Directors of the Four Corners County Water and Sewer District after first reading on September 21, 2021 with a vote of ___ in favor and ___ against and second reading on _____, 2021 with a vote of ___ in favor and ___ against. This Ordinance shall be in effect 30 days after the date of the second reading.

1st Read and approved:
Dated: September 21, 2021

Four Corners County Water and
Sewer District

By: _____
Its: _____

Attested:

Secretary

2nd Read and approved:
Dated: _____, 20__

Four Corners County Water and
Sewer District

By: _____
Its: _____

Attested:

Secretary

Ordinance 2021-13

ORDINANCE ACCEPTING THE ANNEXATION PETITION OF 8330 HUFFINE LLC,
FOR ANNEXATION INTO THE FOUR CORNERS WATER & SEWER DISTRICT

WHEREAS, 8330 HUFFINE LLC, a Montana limited liability company with address of 1946 Stadium Dr., Ste 3, Bozeman, MT 59715 submitted a petition, signed by Stephan Garden, purporting to be an authorized manager, for annexation of Tracts A & B of Certificate of Survey No. 978A , being located in NW1/4 of Section 18, T02S, R5E, P.M.M. Gallatin County Montana collectively being approximately 19 acres in size (collectively "Property") requested that the Property be annexed into the Four Corners County Water and Sewer District to connect to water and wastewater services; and

WHEREAS, the Property is contiguous to the District boundary; and

WHEREAS, on August 17, 2021 at a duly noticed meeting of the Board of Directors, the Board considered the Petition to annex the Property and determined the Property was contiguous and further determined that the systems have capacity to provide service to the Property; and

WHEREAS, 8330 HUFFINE LLC, will provide evidence of purchased of water rights to serve the Property need to be provided for 192 EDU (30,720 gpd total) and have agree to pay the water and wastewater fee per EDU to the District; and

WHEREAS, the Property will need to provide its own irrigation water.

NOW THEREFORE, be it ordained by the board of directors of the Four Corners County Water and Sewer District Board, by passage of this ordinance, the District does agree to annex the Property, described above, into the District after transfer of water rights & payment of fees water and sewer service for 192 EDUs (30,720 gpd total).

Landowners/petitioners acknowledge that should additional structures which utilized water and/or sewer on the Property seek service, the District makes no representation that the District will have sufficient water or sewer capacity to service future structures.

ADOPTED by the Board of Directors of the Four Corners County Water and Sewer District after first reading on September 21, 2021 with a vote of ___ in favor and ___ against and second reading on _____, 2021 with a vote of ___ in favor and ___ against. This Ordinance shall be in effect 30 days after the date of the second reading.

1st Read and approved:
Dated: September 21, 2021

Four Corners County Water and
Sewer District

By: _____
Its: _____

Attested:

Secretary

2nd Read and approved:
Dated: _____, 20__

Four Corners County Water and
Sewer District

By: _____
Its: _____

Attested:

Secretary



FOUR CORNERS

Water & Sewer District

Bonds Currently

Special Assessments

- SRF WW Series 2019 \$11.3M- Remains with SRF
- RD Series 2015 \$6.7M 2021A- New Bond \$14,268,735/ 25 year
- SRF Series 2015 \$9.3M Net Savings- \$536K

Revenue Bonds

- RD Water \$3.94M 2021B- New Bond \$5,141,304/ 15 year
- SRF WW DNRC \$3.06M
- o Net Savings- \$405K
- o Total Savings- \$941K

Reserves Current

Bond- \$780K- Stip MT

Reserve- Future

SRF 2019 Series-	\$269K	
SA 2021A-	\$198K	
Total: \$467K- Stip MT		Reduction on Bond Revenue- \$313K

Filing Requirements:

- Fiscal Year- Audit report due within 270 days
- Annual Budget- 30 days after BOD approval
- Pre-Payment Terms:
 - o No Pre-payment for first 10 years on the new bonds

RESOLUTION NO. 2021-11

RESOLUTION RELATING TO THE ISSUANCE BY THE FOUR CORNERS COUNTY WATER AND SEWER DISTRICT, GALLATIN COUNTY, MONTANA, OF ITS FOUR CORNERS WATER AND SEWER DISTRICT SPECIAL ASSESSMENT REFUNDING BONDS, SERIES 2021A, AT AN ESTIMATED PAR VALUE OF \$14,952,314, AND ITS FOUR CORNERS WATER AND SEWER DISTRICT REVENUE REFUNDING BOND, SERIES 2021B, AT AN ESTIMATED PAR VALUE OF \$5,328,537, IN ONE OR MORE SERIES; APPROVING THE FORM OF DOCUMENTS IN CONNECTION THEREWITH; DELEGATING THE DETERMINATION OF FIXING THE DATE, FORM, MATURITIES, INTEREST RATES, TERMS, PAYMENT AND REDEMPTION PROVISIONS OF THE BONDS; APPROVING THE FORM OF THE BOND PURCHASE CONTRACT AND AUTHORIZING THE FINANCE DIRECTOR TO EXECUTE THE BOND PURCHASE CONTRACT; DELEGATING CERTAIN ACTIONS IN CONNECTION WITH THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF THE BONDS AND RELATED DOCUMENTS AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

Definitions: All capitalized terms contained herein but not herein defined have the definition given them in the Indenture of Trust and Pledge, dated as of October 7, 2021, between the District and U.S. Bank National Association (the “Trust Indenture”).

WHEREAS, the Four Corners County Water and Sewer District, Gallatin County, Montana (the “District”) is authorized by Title 7, Chapter 13, Part 23, Montana Code Annotated, to issue refunding bond to refunding outstanding bonded indebtedness, without an election, after the District adopts a resolution setting forth the facts regarding the outstanding bonds that are to be redeemed, the reasons for issuing the refunding bonds, and the terms and details of the refunding bond issue; and

WHEREAS, on November 17, 2015, the District passed Resolution No. 2015-10, which authorized the issuance of its \$3,940,000 Water System Revenue Bond, Series 2015 (the “Series 2015 Water Revenue Bond”), with U.S.D.A. as the initial purchaser—accruing interest at an annual rate of 3.25% and maturing on September 23, 2035, and also passed Resolution No. 2015-11, which authorized the issuance of its \$3,060,000 Wastewater System Revenue Bond (Coal Severance Tax Loan Program) Series 2015 (the “Series 2015 Wastewater Revenue Bond”), with DNRC as the initial purchaser-- accruing interest at an annual rate of 3.00% and maturing on November 1, 2035; and

WHEREAS, on November 23, 2015, the District passed Resolution No. 2015-14, which authorized its \$6,700,000 Water System Special Assessment Bond, Series 2015 (the “Series 2015 Water Special Assessment Bond”), with U.S.D.A. as the initial purchaser—

accruing interest at an annual rate of 3.25% and maturing on December 23, 2045, and also passed its Resolution No. 2015-15 which authorized the issuance of its \$9,300,000 Wastewater System Special Assessment Bond (DNRC Water Pollution Control State Revolving Loan Program) Series 2015 (the “Series 2015 Wastewater Special Assessment Bond”)—accruing interest at an annual rate of 2.50% and maturing on January 1, 2046; and

WHEREAS, on December 23, 2015, the District issues the Series 2015 Wastewater Revenue Bond, the Series 2015 Wastewater Special Assessment Bond, the Series 2015 Water Revenue Bond, and the Series 2015 Water Special Assessment Bond; and

WHEREAS, on August 20, 2019, the District passed Resolution No. 2019-09, which authorized the issuance of its Wastewater System Bonds (DNRC Water Pollution Control State Revolving Loan Program), consisting of a \$300,000 Revenue Subordinate Lien Taxable Series 2019A Bond (the “Series 2019A Wastewater Bond”), which pursuant to conditions outlined in Resolution No. 2019-09, was forgiven, and a \$11,300,000 Special Assessment Bond, Series 2019B (the “Series 2019 Wastewater Special Assessment Bond”); and

WHEREAS, on August 27, 2019, the District issued the Series 2019A Bond and the Series 2019 Wastewater Special Assessment Bond; and

WHEREAS, the District has inquired regarding savings available if it currently refunds the Series 2015 Water Special Assessment Bond and the Series 2015 Wastewater Special Assessment Bond (collectively the “2015 Special Assessment Bonds”) with a Series 2021A Special Assessment Refunding Bond and the Series 2015 Water Revenue Bond and Series 2015 Wastewater Revenue Bond (collective the “Original Revenue Bonds”) with a Series 2021B Revenue Refunding Bond to take advantage of favorable market conditions and interest rate savings; and

WHEREAS, the District has received an offer from Oppenheimer & Co. Inc. acting as Underwriter (“Oppenheimer”), to purchase and market the bonds via a public offering as insured bonds; and

WHEREAS, Oppenheimer has procured an offer to insure the Series 2015 Special Assessment Bonds and the Original Revenue Bonds from Assured Guaranty Municipal Corporation (the “Bond Insurer”) and estimates that such public offering, given current market conditions, would result in serial bonds with an average annual interest rate of 1.83%,--which is a True Interest Cost of 2.28% on the Series 2015 Special Assessment Bonds and a True Interest Cost of 1.79% on the Original Revenue Bonds (the “Estimated Interest Savings”); and

WHEREAS, Oppenheimer’s Estimated Interest Savings would result in an estimated net present value savings of \$540,679.23 on the Series 2021A Special Assessment Refunding Bonds and \$405,519.20 on the Series 2021B Revenue Refunding Bonds; and

WHEREAS, reduced debt service reserve requirements are estimated to release restrictions on approximately \$433,000 of District funds presently restricted as reserves for the 2015 Special Assessment Bonds and the Original Revenue Bonds; and

WHEREAS, the Series 2021A Special Assessment Refunding Bonds shall be payable from the levy of the 2015 Special Assessments against the properties benefited by the 2015 Improvements, provided, however, that if, from any cause, the 2015 Special Assessments are inadequate to pay the principal thereof and interest thereon when due, the Board of the District is required by law to estimate to the Board of County Commissioners of Gallatin County, Montana, the amount required for such purposes and the Board of County Commissioners must thereupon levy upon lands in the District benefitted by the Project funded in part by the Original Revenue Bonds, exclusive of exempt lands, an assessment designated as a “water and sewer district bond tax” in an amount sufficient to provide for such deficiency but not exceeding such benefit; and

WHEREAS, the Series 2021B Revenue Refunding Bonds shall be payable solely from the Net Revenues of the System as defined in Resolution Nos. 2015-10 and 2015-11 provided, however, that if, from any cause, Net Revenues of the System are inadequate to pay the principal thereof and interest thereon when due, the Board of the District is required by law to estimate to the Board of County Commissioners of Gallatin County, Montana, the amount required for such purposes and the Board of County Commissioners must thereupon levy upon lands in the District benefitted by the Project funded in part by the Original Revenue Bonds, exclusive of exempt lands, an assessment designated as a “water and sewer district bond tax” in an amount sufficient to provide for such deficiency but not exceeding such benefit; and

WHEREAS, given the estimated savings and estimated release of reserves, the Board hereby determines that it is reasonable, necessary, and prudent at this time to issue the Bonds as provided herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FOUR CORNERS COUNTY WATER & SEWER DISTRICT, GALLATIN COUNTY, MONTANA, AS FOLLOWS:

Section 1. Authorization.

1.01. Refinancing and Bonds. The District shall issue its Four Corners Water and Sewer District Special Assessment Refunding Bond, Series 2021A, at a presently estimated par value of \$14,952,314, and its Four Corners Water and Sewer District Revenue Refunding Bond, Series 2021B, at a presently estimated par value of \$5,328,537 in one or more series (the “Bonds”), to finance a portion of the costs of refinancing the Series 2015 Special Assessment Bonds and the Original Revenue Bonds and paying the costs of issuing said Bonds (the “Refinancing Project”). The Bonds shall be sold to the Oppenheimer (the “Underwriter”) pursuant to the contract between the District and the Underwriter pertaining to the sale, issuance and delivery of the Bonds, as more fully described in Section 3 of this Resolution (the “Bond Purchase Contract”).

The District will agree to apply the proceeds of the Bonds to the payment of costs of the Refinancing Project and to repay the Bonds at such times and in such amounts to provide for the prompt payment of the principal of and interest on the Bonds. Certain rights of the District and the Bondholders will be assigned to the Trustee, as trustee, and not in its individual capacity under the Trust Indenture. The disbursement of the proceeds of the Bonds will be governed by the Trust Indenture.

The Series 2021A Special Assessment Refunding Bonds shall be payable from the levy of the 2015 Special Assessments against the properties receiving benefit from the 2015 Improvements, provided, however, that if, from any cause, the 2015 Special Assessments are inadequate to pay the principal thereof and interest thereon when due, the Board of the District is required by law to estimate to the Board of County Commissioners of Gallatin County, Montana, the amount required for such purposes and the Board of County Commissioners must thereupon levy upon lands in the District benefitted by the Project funded in part by the Original Revenue Bonds, exclusive of exempt lands, an assessment designated as a “water and sewer district bond tax” in an amount sufficient to provide for such deficiency but not exceeding such benefit.

The Series 2021B Revenue Refunding Bonds shall be payable solely from the Net Revenues of the System as defined in Resolution Nos. 2015-10 and 2015-11 provided, however, that if, from any cause, Net Revenues of the System are inadequate to pay the principal thereof and interest thereon when due, the Board of the District is required by law to estimate to the Board of County Commissioners of Gallatin County, Montana, the amount required for such purposes and the Board of County Commissioners must thereupon levy upon lands in the District benefitted by the Project funded in part by the Original Revenue Bonds, exclusive of exempt lands, an assessment designated as a “water and sewer district bond tax” in an amount sufficient to provide for such deficiency but not exceeding such benefit.

This Resolution is the “Bond Resolution” as defined in the Trust Indenture.

1.02. Documentation. Draft forms of the following documents relating to the Project have been prepared and submitted to the Board, and are hereby directed to be filed with the District Secretary:

- (a) the Bonds;
- (b) the Trust Indenture; and
- (c) the Bond Purchase Contract;

The above documents, together with any other loan documents pertaining to the financing of the Refinancing Project, are referred to herein as the “Bond Documents”. A form of the Bonds is attached to the Trust Indenture as Exhibits A-1 and A-2, and are hereby incorporated herein and made a part hereof.

Section 2. Findings.

It is hereby found, determined and declared that:

(a) given the estimates provided by the Underwriter and the savings restrictions placed herein on the final bond issuance, the Refinancing Project satisfies all conditions for issuing refunding bonds under Section 7-132332, MCA;

(b) the financing of the Refinancing Project, the issuance and sale of the Bonds, the execution and delivery of the Bonds, the Trust Indenture, the Bond Purchase Contract, and all other acts and things required under the Constitution and

laws of the State of Montana to make the Bonds, the Trust Indenture, and the Bond Purchase Contract binding obligations of the District in accordance with their terms, are authorized by the laws of the State of Montana;

Section 3. Authorization and Approval of the Project and Documents. The District is hereby authorized to finance all or a portion of the cost of the Refinancing Project, as provided in the Bonds, Trust Indenture, and the Bond Purchase Contract. The Refinancing Project and the issuance of the Bonds to finance the cost thereof is hereby approved in the event that the Bond Purchase Contract is executed as provided in this Section 3. The form of the Bonds, Trust Indenture, and Bond Purchase Contract referred to in Section 1.02 are approved, subject to the terms of this Resolution and such modifications as are deemed appropriate, and approved, as appropriate and to the extent required, by the District President, which approval shall be conclusively evidenced by execution of the Bonds, Trust Indenture, and Bond Purchase Contract by the President of the District and the District Secretary. The Bonds, Trust Indenture, and Bond Purchase Contract are authorized and directed to be executed and delivered in the name and on behalf of the District by the District President and District Secretary. Moreover, the District President and District Secretary, are authorized to review, execute, and deliver, any additional documents as may be necessary or appropriate for the District to execute and deliver in connection with the Bond Documents, and the approval of such documents by the Board shall be presumed and conclusively evidenced by the execution of such documents by the District President and District Secretary. In the event of the absence or inability of the District President or District Secretary to execute and deliver any of the foregoing documents, another member of the Board in the case of the President, and the in-absentia officer in the case of Secretary, are authorized to execute and deliver such documents. Copies of all of the documents shall be delivered, filed and recorded as provided therein.

The District hereby approves the Bond Purchase Contract in substantially the form provided to the Board herewith, except for the omission of information dependent upon the pricing of the Bonds, such as offering prices, interest rates, optional redemption provisions, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the Bonds dependent on the foregoing matters. The Bonds shall be sold to the Underwriters pursuant to the Bond Purchase Contract. The District President and the District Secretary are each hereby authorized and directed to execute the Bond Purchase Contract and cause the Bonds to be delivered to the Underwriters at such time as the following conditions are satisfied:

(a) the True Interest Cost of the Series 2021B Revenue Refunding Bonds and the True Interest Cost of the Series 2021A Special Assessment Refunding Bonds is such that net present value savings are realized by the Refinancing Project, with True Interest Cost being defined as the yield that, when discounting all future principal and interest payments to the delivery date of the Bonds, produces a present value equal to the principal amount of the Bonds, less the Underwriters' discount, plus any original issue premium, less any original issue discount, plus accrued interest, if any; and/or

(b) the release of required presently obligated District reserve funds allowed by the Refunding Project is determined by the District President to provide a substantial benefit to the District.

Prior to executing the Bond Purchase Contract, the District's Bond Counsel shall cause the following information to be included in the Bond Purchase Contract:

- (a) the date of the Bond Purchase Contract;
- (b) the purchase price for the Bonds and its components;
- (c) the terms to be established in the Bond Purchase Contract including the principal and interest payment dates;
- (d) the date the Bonds are to be delivered to the Underwriter, which shall not be later than December 31, 2021;
- (e) the yield and price for each maturity of the Bonds; and
- (f) the optional and mandatory redemption provisions pertaining to the Bonds.

The District President is authorized to approve additions, deletions or alterations to the Bond Purchase Contract or any other document or certificate related hereto so long as such additions, deletions or alterations do not substantially alter the intent and substance of this Resolution.

Section 4. The Bond Terms, Sale and Execution.

4.01. Issuance. The District shall issue its Four Corners Water and Sewer District Special Assessment Refunding Bond, Series 2021A and its Four Corners Water and Sewer District Revenue Refunding Bond, Series 2021B, in substantially the form attached as Exhibit A-1 and Exhibit A-2 to the Trust Indenture, and upon the terms set forth in such form, in the Trust Indenture, and in this Resolution. Financing the Refinancing Project with proceeds of the Bonds will be contingent upon the District and the Underwriter coming to agreement on the final terms and conditions of the transaction.

4.02. Terms. The Bonds shall be issued in one or more series and shall bear interest as set forth therein and shall be dated as of their date of delivery to the Underwriters.

4.03. Prepayment. The principal of the Bonds shall be subject to prepayment at times and upon the terms and conditions set forth in the Bonds and the Bond Purchase Contract.

4.04. Registrar Appointed. The Trustee is hereby appointed as registrar, authenticating agent, paying agent and transfer agent with respect to the Bonds, subject to the terms and conditions of the Trust Indenture.

4.05. Sale and Delivery of the Bonds and Taking of Other Actions Authorized.

The Board hereby authorizes and directs each of the District President, District Secretary, District Manager, District Administrator, and Jackson, Murdo & Grant P.C., as Bond Counsel, to execute and deliver the Bonds to the Underwriters and to take such other actions as may be necessary for the proper application and use of the proceeds of the sale thereof, including:

A. preparing the preliminary and final official statement regarding the Bonds,
and

B. executing such certificates and receipts as may be necessary to properly document the sale and issuance of the Bonds.

In addition, the District President, District Secretary, District Manager, District Administrator, and Jackson, Murdo & Grant P.C., as Bond Counsel, are hereby authorized by the Board to execute and deliver such other certificates, agreements and documents, and to take such other actions on behalf of the District as may be reasonable and necessary:

A. to facilitate the issuance and sale of the Bonds; and

B. in connection with any matters related thereto, until the final maturity date of the Bonds or redemption, whichever occurs first.

4.06. Preliminary and Final Official Statement. The District hereby approves and confirms all acts undertaken by its officers, employees, and agents with respect to the preparation of the preliminary official statement with respect to the Bonds.

The District hereby delegates authority to the District Manager and/or District Administrator to determine all acts undertaken by its officers, employees, and agents with respect to the preparation and distribution of, and to approve on behalf of the District, the preliminary official statement with respect to the Bonds, and to deem such preliminary official statement final as of its date except for the omission of information dependent upon the pricing of the issue and the completion of the Bond Purchase Contract, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the Bonds dependent on the foregoing matters.

The District agrees to cooperate with the Underwriters to deliver or cause to be delivered, within seven business days from the date of the Bond Purchase Contract and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final official statement in sufficient quantity to comply with the rules of the MSRB and paragraph (b)(4) of SEC Rule 15c2-12.

PASSED AND ADOPTED on the 21st day of September, 2021.

FOUR CORNERS COUNTY WATER
AND SEWER DISTRICT

By: _____
President

ATTEST:

By: _____
Secretary



Operation & Maintenance Report. September 14, 2021

1. SBR 2 is operational and processing all of the Districts' wastewater flow including Elk Grove and Gallatin Gateway flows.
2. Elk Grove WWTP is shut down and the upgrade to the process equipment and concrete repairs are underway.
3. Northstar and Commerce lift stations meter vault installation is complete. Scaling of the flow data on SCADA needs to be checked by MET.
4. The additional odor control structure for the IPS at the WRF is scheduled to be installed the first week of October.



September 21, 2021

General Administration Actives and Issues:

1. Audit- Underway
2. Capacity Rates Increase 10.1.2021
3. Reviewing Employee Benefits
4. Creating New Employee Policy

Current Stip

Bond \$780,265

Water \$ 2,261,355

Sewer \$ 4,534,544



Month End YTD Budget vs. Actual

August 2021

Shared Expenses

	<u>August 2021</u>	<u>Budget</u>
Income/Expense		
Expense		
500-Shared General Admin Expenses		
510- Board Members	468	2,000
520- Personnel Expenses	130,875	141,666
530- Office Expenses	7,426	10,000
540- Vehicle Expenses	24,565	10,000
550- Professional Services (Shared)	39,811	44,666
560- Other Expenses (Shared)	5,113	13,332
Total	208,258	221,664



Month End YTD Budget vs. Actual

August 2021

Water

	<u>August 2021</u>	<u>Budget</u>
Income/Expense		
Income		
400- Operating Revenues		
410- Water Revenues	410,136	291,666
Expense		
600- Water O&M Expenses		
610- System Operating Exp (Water)	24,718	30,000
620- Repairs/ Maintenance Expenses	3,930	11,666
630- Professional Services (Water)	0	832
Total 600- Water O&M Expenses	28,648	42,498
Half of Shared Expenses	104,129	110,832
Total Expenses	132,777	153,330

* Revenue Bond yearly payment \$268,560



Month End YTD Budget vs. Actual

August 2021

Sewer

	<u>August 2021</u>	<u>Budget</u>
Income/Expense		
Income		
400- Operating Revenues		
420- Sewer Revenues	266,815	287,500
Expense		
700- Sewer O&M Expenses		
710- System Operating Exp (Sewer)	35,864	54,166
720- Repairs/ Maintenance Expenses	30,289	15,832
730- Professional Services (Sewer)	69	832
Total 700- Sewer O&M Expenses	66,222	70,830
Half of Shared Expenses	104,129	110,832
Total Expenses	170,351	181,662

* Revenue Bond yearly payment \$204,536



Manager Topics- September 21, 2021

- Fire Status
 - Met with concerned party and measurements

- Elk Grove Maintenance
 - Summed up in last meeting
 - Different manage along with BOD shifted priorities

- Capital Projects
 - Elk Grove Booster- Submitted to DEQ Review
 - Elk Grove WWTP- Submitted to DEQ Review
 - WRF SBR 3 & 4- to be submitted to DEQ 9/2022
 - SCADA Upgrade- Contract Approach in Review.

- Capacity Sales
 - 600 EDU'S in advance of October price increase

- Storage Buildings
 - Elk Grove WWTP
 - WRF