## Gallatin Gateway County Water \& Sewer District

PUBLIC MEETING
Date: April 9, 2012
Time: 6:30PM
Place: Gallatin Gateway Community Center, $\mathbf{1 4 5}$ Mill, Gateway, MT
For: $\quad$ Regular Meeting of the Board of Directors

## AGENDA

I. Call To Order
A. Call To Order
B. Public Participation on Non-Agenda Items ${ }^{1}$
II. Approval of Minutes
A. Approval of Meeting Minutes for March 5, 2012
B. Approval of Meeting Minutes for March 19, 2012
III. Reports of Officers, Standing Committees, and Special Committees
A. Report of General Manager \& Report of Financial Condition
B. Report of Engineer
IV. Unfinished Business and General Orders
A. Resolution of Intent to Levy a Special Assessment

## V. New Business

A. Any New Business Which May Come Properly to the Board

## VI. Adjourn

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## 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 in the Gallatin Gateway Community Center, 145 Mill Street, Gallatin Gateway, MT on April 9, 2012. Present at the meeting were board members Merle Adams, Ted Border, David Sullivan, Charlie White and Earl Wortman. Matt Donnelly was also present. Susan Swimley was not present.

The meeting was called to order at 6:33 p.m. by President White. Matt Donnelly recorded the minutes of the meeting.

## PUBLIC COMMENT

President White asked for public comment and, seeing none, proceeded to the next item on the agenda.

## APPROVAL OF MINUTES

After confirming that all directors had a draft copy of the March 5 minutes, President White asked whether there were any corrections. Seeing none, Director Wortman moved to approve. Director Border seconded the motion, which passed unanimously. After confirming that all directors had a draft copy of the March 19 minutes, President White asked whether there were any corrections. Seeing none, Director Sullivan moved to approve. Director Wortman seconded the motion, which passed unanimously.

## REPORT OF GENERAL MANAGER

Matt Donnelly provided an update on the financial condition of the District, reporting that there had been no significant changes in the District's financial position since the last report. The District has incurred $\$ 1206$ in expenses, payable to the County Elections Office, for the bond election, and $\$ 3650$ in legal expenses related to the two bonds sought by the District since the last meeting. The District also received $\$ 200$ in donations during the same period.

Mr. Donnelly then reported that he had received an invoice from Stahly Engineering for site acquisition and surverying activities. After review by the Board, Director Sullivan moved to approve the Stahly invoice for review and payment by the Department of Natural Resources under the RRGL grant. Director Border seconded the motion, which passed unanimously.

## REPORT OF ENGINEER

Terry Threlkeld reported that the Montana Department of Commenrce had requested a technical evaluation from TSEP regarding our CDBG grant application, and that TSEP had in turn requested comments from the District. Terry said he had completed a response to the TSEP comments and we preparing to submit the comments to Larry Watson who would forward to TSEP.

Kurt Thomson reported on the land acquisition activities. He said he had asked Susan Swimley to review a set of Homeowner's Association covenants for a property deemed to be technically feasible for the project.

After discussion by the Board, President White moved to form a temporary committee to identify and recommend suitable discharge sites. Director Border seconded the motion, which passed unanimously. President White then appointed himself as chair or the committee, with the remaining committee members being Dirctor Adams, Kurt Thomson and Matt Donnelly.

## RESOLUTION OF INTENT TO LEVY A SPECIAL ASSESSMENT

President White then moved to the next item on the agenda, consideration of a special assessment to partially fund wastewater system improvements. After requesting comments from the public, and seeing none, President White opened the discussion to the Board. Director Adams moved to adopt Resolution 12-02, a Resolution of Intent to Levy a Special Assessement to partially fund the design and construction of a wastewater collection and treatment system. Director Sullivan seconded the motion, with discussion ensuing.

It was noted that that Exhibit B of the resolution contained a list of 138 parcels to be assessed. Mr. Donnelly explained that 173 assessable parcels were in existence within the District on April 9, 2012, but that applications for aggregating up to 35 parcels had been filed with the Gallatin County Planning Department. For a landowner owning two contiguous parcels, the act of aggregating two parcels into one would have the effect of saving one assessment since each separate lot would be assessed at an equal value. Therefore it was explained that there is an expectation that 138 parcels would remain in existence within the District on May 10, 2012 which is the tentative date for the Board to hold a public hearing on the levying of the assessment.

Mr. Donnelly further explained that the District's bond counsel, Bob Murdo, had been advised of the ambiguity with respect to the exact number of parcels expected to be in existence on May 10 and Mr. Murdo felt that so long as all landowners were adequately informed and the exact number of parcels did not change substantially from the anticipated number of 138, then the Board could commence with the assessment.

Seeing no futher discussion, President White called for the vote on Resolution 12-02 with a unanimous vote cast in favor of adopting the resolution.

President White asked Mr. Donnelly to place proper notice in the Bozeman Chronicle and on the website, and to ensure that mailings go out to all landowners within the District informing them of the passage of the Notice of Intent to Levy a Special Assessment.

## NEW BUSINESS

Seeing no new business, President White noted that the next meeting date would be set for May 10, 2012 which, he noted, is not the first Monday of May.

President White then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 7:48 p.m.

> Resolution $12-02$
> A Resolution of the Gallatin Gateway County Water \& Sewer District
> DECLARING IT TO BE THE INTENTION OF THE BOARD
> OF DIRECTORS TO LEVY SPECIAL ASSESSMENTS TO
> REPAY A SPECIAL ASSESSMENT BOND TO BE ISSUED
> FOR THE PURPOSE OF PAYING A PORTION OF THE COSTS OF CONSTRUCTION OF SEWER SYSTEM
> IMPROVEMENTS BENEFITING CERTAIN PROPERTIES IN THE DISTRICT AND THE IMPOSING OF ASSESSMENTS
> FOR THE FINANCING OF SUCH IMPROVEMENTS AND THE COSTS INCIDENTAL THERETO AND CALLING FOR
> PUBLICATION OF NOTICE OF PASSAGE OF THIS RESOLUTION AND A PROTEST PERIOD AND PUBLIC HEARING

In a Regular Meeting of the Board of Directors of the Gallatin Gateway County Water \& Sewer District, Director Adams moved to adopt a resolution DECLARING IT TO BE THE INTENTION OF THE BOARD OF DIRECTORS TO LEVY SPECIAL ASSESSMENTS TO REPAY A SPECIAL ASSESSMENT BOND TO BE ISSUED FOR THE PURPOSE OF PAYING A PORTION OF THE COSTS OF CONSTRUCTION OF SEWER SYSTEM IMPROVEMENTS BENEFITING CERTAIN PROPERTIES IN THE DISTRICT AND THE IMPOSING OF ASSESSMENTS FOR THE FINANCING OF SUCH IMPROVEMENTS AND THE COSTS INCIDENTAL THERETO AND CALLING FOR PUBLICATION OF NOTICE OF PASSAGE OF THIS RESOLUTION AND A PROTEST PERIOD AND PUBLIC HEARING. The resolution passed unanimously.

## IT IS

RESOLVED, by the Board of Directors of the Gallatin Gateway County Water \& Sewer District, Gallatin County, Montana (the "District"), as follows:

Section 1. Proposed Improvements; Intention to Levy. The District proposes to undertake sewer system improvements described in Section 3 hereof (the "Improvements") to benefit certain property located in the District. The total estimated costs of the Improvements are $\$ 4,315,000$. The costs of the Improvements are anticipated to be paid from grants in the amount of $\$ 750,000$ from the Treasure State Endowment Program, $\$ 100,000$ from the Montana Department of Natural Resources RRGL Program and $\$ 1,815,000$ from the U.S. Department of Agriculture Rural Utilities Services ("RUS"). The District recently also applied to the Montana Department of Commerce for a Community Development Block Grant for payment of the Special Assessments (hereafter defined) for eligible low-to-moderate income residents of the District and for other eligible Improvement costs. Such grant has not yet been awarded. The remaining portion of the estimated costs are anticipated to be paid from a revenue bond in the
amount of $\$ 863,000$ authorized by a vote of the District and to be purchased by RUS and $\$ 787,000$ from the special assessment bond hereinafter described. The Board of Directors of the District intends to establish the special assessment under Sections 7-13-2280 through 2289 Montana Code Annotated, as amended, (the "Special Assessment") and levy the Special Assessment against property in the District for the purpose of financing a portion of the costs of the construction of the Improvements, the costs of the sale and the security of a special assessment bond to be issued by the District in the currently estimated principal amount of up to $\$ 787,000$ to RUS (the "Special Assessment Bond"). The Special Assessment Bond is to be payable from Special Assessments to be levied against real property in the District, which property will be specially benefited by the Improvements in an amount estimated to be $\$ 787,000$.

Section 2. Description of Benefited and Assessed Property. The real property benefited by the Improvements is described in Exhibit A attached hereto and by reference made a part hereof. A listing of each of the properties in the District, the owners thereof and an estimate of their Special Assessment is shown on Exhibit B attached hereto and by reference made a part hereof. Exhibit C is a map of the District.

Section 3. Description of the Improvements. The Improvements consist generally of sewer system improvements, including the construction, design and financing of a Level 2 central wastewater treatment system and collection system.

Section 4. Engineer, Estimated Cost. Stahly Engineering \& Associates of Helena and Bozeman, Montana, is the engineer for the Improvements. The Engineer has estimated that the total cost of the Improvements, including all financing and incidental costs is $\$ 4,315,000$. The District has not yet completed the design of the Improvements and after design is completed and approved intends to advertise for and then consider bids on the Improvements and then determine the final costs of the Improvements and then determine the final levy amount for the Special Assessments.

Section 5. Assessment Methods. During the month of March of 2012, the District and Gallatin County provided information and assistance to property owners in the District to aggregate their lots in order to minimize potential assessments charged against contiguous properties. The possible minimum number of parcels in the District after the aggregations is currently estimated at 138 parcels. Exhibit B reflects the 138 parcels, but the lot number or designation listed in Exhibit B may change after the aggregations are finally approved by the County Commission in early May (for instance what was formerly lots 1 and 2 may then be named lot 1A after the aggregation). All properties in the District shown on Exhibit A and listed in Exhibit B will be assessed, as authorized in Section 7-13-2280 MCA, for their proportionate share of the costs of the Improvements to be paid by the Special Assessment Bond on the basis of the equal amount per benefited parcel based on the total cost of the Improvements
as authorized in Section $7-12-2151(1)(d)$ MCA. The annual equal amount per parcel is estimated at $\$ 287.07$ per year (as shown on Exhibit B) for 40 years based on a Special Assessment Bond of $\$ 787,000$ fully amortized over 40 years with an interest rate of $4.00 \%$ (which includes collection of a reserve for the Special Assessment Bond by the District) and 138 parcels being benefited. This Board finds the assessment method is equitable and in proportion to and not exceeding the benefit derived from the Improvement per parcel to be assessed.

If an increase occurs in the number of benefited lots, tracts, or parcels within the boundaries of the District during the term of the Special Assessment Bond, the assessments per lot, tract, or parcel then in the District will be recalculated based on the new number of lots, tracts, or parcels. The Board shall base the recalculation on the amount of the District's principal amount outstanding of the Special Assessment Bond for the current fiscal year and shall spread the Special Assessment Bond for the current fiscal year and shall spread the Special Assessments across the District based on the number of benefited lots, tracts, or parcels within the boundaries of the District as of July 1 following the action that resulted in the increase in the number of benefited lots, tracts, or parcels.

Section 6. Payment of Assessments/Date of Delinquency. The Special Assessments for the portion of costs of the Improvements and incidental expenses (including costs of issuance) to be paid by the Special Assessment Bond shall be payable over a term not exceeding 40 years, each in equal semiannual payments of principal and interest. Property owners have the right to prepay assessments as provided in Section 7-13-2287(3) MCA. The semi-annual assessments will be due November 30th and May 31st each year and if not paid on such dates will then be delinquent. The collection of the Special Assessments will not begin until after the District begins construction of the Improvements.

Section 7. Method of Financing. The District intends to issue the Special Assessment Bond to RUS in an estimated aggregate principal amount of \$787,000 in order to finance a portion of the costs of the Improvements. Principal of and interest on the Special Assessment Bond will be paid from Special Assessments levied against all the property listed in Exhibit B. This Board further finds it is in the public interest, and in the best interest of the District, to secure payment of principal of and interest on the Special Assessment Bond by the creation of a Reserve Account to be funded from an increase of the interest rate of $\frac{5}{8}$ th of one-percent over the Special Assessment Bond interest rate. The District may, after construction bids are received, lower the amount of Special Assessments to match a reduced principal amount on the Special Assessment Bond, if the funding agencies for the Improvements so allow.

Section 8. Operation and Maintenance and Replenishing Reserve. The District shall be responsible for operation and maintenance of the Improvements in accordance with Title 7 Chapter 13, Parts 22 and 23 MCA. The District shall charge fees for the operation and maintenance services provided by the District and to pay the $\$ 863,000$ revenue bond to be issued to RUS to pay a portion
of the Improvements. The District intends to replenish the Special Assessment Reserve Account (not to exceed one year's payment on the Special Assessment Bond) from payments made on delinquent assessments (or from proceeds of tax sales if the delinquencies are unpaid). The District does not intend to use the District's operating revenues to pay any of the Special Assessment Bond.

Section 9. General Information on Benefited Property/Special Assessment Lien. The benefited property is estimated to consist of 138 parcels. The Special Assessments constitute a lien against the benefited property. If the Special Assessment Bond principal amount is $\$ 787,000$, then each parcel will have a Special Assessment lien against it in the principal amount of $\$ 5,702.90$, plus interest until paid in full at the estimated rate of $4.00 \%$ per annum which includes amounts to fund the Reserve Account, plus penalties for late payments.

Section 10. Public Hearing; Protests. At any time within thirty (30) days from and after the date of the first publication of the notice of the passage and approval of this resolution, any owner of real property within the District may make and file with the Secretary of the District (Matt Donnelly, P.O. Box 383, Gallatin Gateway, MT 59730) until 5:00 p.m., M.T., on the expiration date of said 30-day period (May 10, 2012), written protest against the proposed Improvements or against the special levy of the District or both. This Board will, at a meeting at Gallatin Gateway Community Center, 145 Mill Street, Gallatin Gateway, Montana 59730, on May 10, 2012 at 7:00 PM, proceed to hear all such protests so made and filed.

Section 11. Notice of Passage of Resolution of Intention. The District Secretary is hereby authorized and directed to publish or cause to be published a copy of a notice of the passage of this resolution in the Bozeman Daily Chronicle, a newspaper of general circulation in the County on April 10, 2012 and April 17, 2012, in the form and manner prescribed by law, and to mail or cause to be mailed a copy of said notice to every person, firm, corporation, or the agent of such person, firm, or corporation listed on Exhibit B having real property within the District listed in his or her name upon the last completed assessment roll for state, county and school district taxes, at his last-known address, at least 10 days before the hearing. The Secretary is directed to keep a copy of this Resolution for inspection by property owners in the District.

ADOPTED by the Board of Directors of the Gallatin Gateway County Water \& Sewer District, Gallatin County, Montana, this $9^{t h}$ day of April, 2012.

President

Attest:

## EXHIBIT A

## DESCRIPTION OF THE DISTRICT

The properties constituting the District are situated in the SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}, \mathrm{~S} \frac{1}{2}$ NW $\frac{1}{4}$, located in Section 11, Township 3 South, Range 4 East, Principal Meridian, Gallatin County, Montana, more particularly described as follows: Beginning at the northwest corner of Block 3 of the Town of Gallatin Gateway, formerly known as Salesville, the true point of beginning; thence easterly along the north line of the Town of Gallatin Gateway to the northeast corner of Block 1 of the Town of Gallatin Gateway; thence easterly along the north line of the parcel described in Film 4, Page 32, to the northeast corner Film 4, Page 32; thence northeasterly along the westerly lines of Tract A and Tract B-lA of Certificate of Survey No. 2018 (COS 2018) to the northwest corner of Tract B-lA; thence easterly along the north lines of Tract B-1A and Tract A to the intersection of the easterly extension of the north line of Tract A and the centerline of United States Highway No. 191 (U.S. Highway 191); thence southerly along the centerline of U.S. Highway 191 to its intersection with the westerly extension of the northerly right-of-way line of Penny Lane of Minor Subdivision No. 262 (Minor SD 262); thence easterly along the extension of and northerly right-of-way line of Penny Lane to the point of curvature of the cul-de-sac of Penny Lane; thence curving to the right along the cul-de-sac right-of-way line to the northeast corner of Lot 4 of Minor SD 262; thence southerly along the east line of Lot 4 to the southeast corner of Lot 4 ; thence westerly along the south line of Minor SD 262 to its intersection with the east right-of-way line of Cinch Road of Minor SD 213; thence southerly along the east right-of-way line of Cinch Road to the north right-of-way line of Latigo Road of Minor SD 213; thence easterly along the north right-of-way line of Latigo Road to its intersection with the northerly extension of the east line of Lot 4 of Minor SD 213; thence southerly along the extension of and the east line of Lot 4 to the southeast corner of Lot 4; thence easterly along the north line Parcel A-2 of COS 706A to the northeast corner of Parcel A-2; thence southerly along the east line of Parcel A-2 to the southeast corner of Parcel A-2; thence southerly along the east line of Parcel D of COS 706 to the southeast corner of Parcel D; thence westerly along the south line of Parcel D to the southwest corner of Parcel D; thence southerly along the east line of Lot 3 of Minor SD 56 to the southeast corner of Lot 3; thence westerly along the south lines of Lot 3 of Minor SD 56, Lot 4A of Minor SD 56B, and the Remainder of Tract 1-A-2 of COS 347B to the intersection of the westerly extension of the south boundary of the Remainder of Tract l-A-2 of COS 347B and the centerline of U.S. Highway 191; thence northerly along the centerline of U.S. Highway 191 to a point on the east-west center of section line of section 11; thence westerly along the east-west center of section line of section 11 to the northeast corner of the Remainder of Tract 2 of COS 2046A; thence westerly along the northerly lines of the Remainder of Tract 2 to the northeast corner of Tract 1 of COS 2046; thence southerly and southwesterly along the easterly and southerly lines of Tract 1 to the southeast corner of Block 14 of the Town of Gallatin Gateway; thence westerly along the
southerly line of the Town of Gallatin Gateway to the southwest corner of Lynde Street; thence northerly along the west right-of-way line of Lynde Street to the intersection of the northerly extension of west right-of-way line of Lynde Street and the easterly extension of the south line of Block 8 of the Town of Gallatin Gateway; thence westerly along the extension of and south line of Block 8 to the southwest corner of Block 8; thence westerly along the south line of the parcel described in Deed Book 103, Page 445 to the right bank of the Gallatin River; thence northerly along the right bank of the Gallatin River to the point of beginning and further incorporating the following parcels

S11, T03 S, R04 E, S2 TR S BEING 92.25 X 96.74' NW4SW4 SEC 11 3S 4 E further described in deed record 97-367 Gallatin County, Montana

S11, T03 S, R04 E, A TRACT 92.25X96.74' NW4SW4 SEC 11 3S 4E further described in deed record 103-162 Gallatin County, Montana

S11, T03 S, R04 E, TRACT 2A SW4 SEC 11 3S 4E 1.02AC COS 2046A
S11, T03 S, R04 E, TRACT SW4NW4 SEC 11 3S 4E .81AC
S11, T03 S, R04 E, SALESVILLE S2NW4 SEC 11 3S 4E .30AC LOT 7 BLK $1 \&$ TR 5

S11, T03 S, R04 E, TRACT OF LAND 305.25X60 SE4NW4 SEC 11 3S 4E . 42 AC

S11, T03 S, R04 E, TRACT 1 LESS COS 104A NE4NW4 SEC 11 3S 4E 2.69AC COS 104

S11, T03 S, R04 E, TRACT IN NW4 SEC 11 3S 4E 2.427AC COS 104A
S11, T03 S, R04 E, TRACT 2 E2NW4 SEC 11 3S 4E .853AC COS 104
MINOR SUB 213, S11, T03 S, R04 E, BLOCK XXX, Lot 003, MINOR SUB 213 SW4NE4 SEC 11 3S 4E 2.069AC LOT 3.

The description of land contains an estimated 80 acres.

EXHIBIT B
LISTING OF PROPERTIES BENEFITED BY IMPROVEMENT

EXHIBIT C
MAP OF THE DISTRICT





[^0]:    ${ }^{1}$ 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.

