

Gallatin Gateway County Water & Sewer District

PUBLIC MEETING

Date: NOVEMBER 7, 2016

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. Approval of Minutes

- A. Approval of Meeting Minutes for September 7, 2016
- B. Approval of Meeting Minutes for September 20, 2016
- C. Approval of Meeting Minutes for October 24, 2016

III. 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. SEARCH Reports, Administration and Draw Requests
 - vii. USACE 595 Reports, Administration and Draw Requests

IV. Regular Business

- A. Discussion and Decision on Selecting an Audit Firm
- B. Discussion and Decision on Authorizing Engineer to Proceed with Solicitation of Bids for Wastewater Project

V. 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.

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 November 7, 2016. Present at the meeting were board members Eric Amend, Ted Border, and David Sullivan. Director Ashley Krron was absent. General Manager Matt Donnelly and Secretary Maralee Parsons Sullivan were also present. Kurt Thomson from Stahly Engineering was present. Public attendee: Kevin Kundert.

President Border called the meeting to order at 6:32 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. There were no non-agenda items raised.

APPROVAL OF MINUTES

After confirming that all directors had a draft copy of the September 7, 2016 meeting minutes, President Border asked whether there were any corrections. None were noted. Director Amend made the motion to approve the minutes as written, Director Sullivan seconded the motion and the minutes were approved unanimously.

After confirming that all directors had a draft copy of the September 20, 2016 special meeting (public hearing) minutes, President Border asked if there were any corrections. Director Amend noted that the comment "TODO" on p. 2 should be corrected to "87". Director Sullivan made the motion to approve the minutes as corrected, Director Amend seconded the motion, and the minutes were approved unanimously.

After confirming that all directors had a draft copy of the October 24, 2016 special meeting minutes, President Border asked whether there were any corrections. None were noted. Director Amend made the motion to approve the minutes as written, Director Sullivan 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 and Grant Administrator Teresa Doig have been reviewing the project budget; the budget dated 7/27/16 is still current and has agency approval. RD has asked Mr. Thomson to provide a final opinion of probable cost. Mr. Donnelly noted that the most recent 595-grant draw

(\$104,595) paid the majority of outstanding Stahly Engineering invoices. Once bids come in money can start flowing in from other agencies and we can draw again on the 595 grant to pay the remainder. He & Maralee Sullivan have worked with Stahly to reconcile all invoices, and have reformatted the engineering expenses into the RD spreadsheet for tracking project expenses. He also noted that Stahly has been writing off interest charges as the invoices are paid, and expressed his deep gratitude to Stahly for their continued support of the project and, in particular, this strong financial contribution to the community. Mr. Donnelly also noted that the bond transcripts were approved by the USDA regional office, and we have received closing instructions from them.

Regarding permits, Mr. Donnelly noted that MDT does not issue a permit until construction is completed, but MDT has issued a letter stating that the District is authorized to proceed with construction. DEQ has been waiting on that letter from MDT. Based on a suggestion from one of the agencies to place a well at the lift station, it was decided to place this as an additive alternate to the bid documents. DEQ wants to see the plans on the well prior to giving a final approval. The District has received a permit from Gallatin County for the alley/street occupancies in town. There was an agency conference call on Nov. 3, at which the agencies gave the go-ahead for the Board to authorize going to bid, provided Mr. Thomson adequately responds to their comments on the plans/specs. District bond council noted on the call that the contractor will need temporary construction easements to access private property, for all 85 connections. District council Swimley is reviewing the sample easement and user agreement provided by bond council, and she is also investigating when signed documents would be required. Mr. Donnelly will provide more information to the Board in the next week or so. He noted he would attend the next Four Corners WSD meeting to update their Board on GGWSD progress.

Treasurer Maralee Sullivan reviewed the current monthly financial package (P&L and Balance sheet) for FY starting July 1, 2016: Income for September included \$104,595 from the 595 grant (paid to Stahly) as well as quarterly invoicing of \$2371 for benefitted lot charges. September expenses included \$15,328 engineering, \$968 legal, \$84 advertising & \$171 purchases. There was no income for October, and expenses included \$5724 engineering and \$210 legal. She noted that \$1,500 was paid against the outstanding Big Sky Western Bank Line of Credit (\$9,595 remaining and an additional \$1000 will be paid this quarter). The District's outstanding payables stand at \$53,330 to Stahly and \$8,173 to Swimley. She noted that of the \$53,330, \$19,896 is interest to be written off, and she is waiting on a letter from Stahly before removing these charges from the District's books. \$33,434 remains to be paid to Stahly (invoices 49-51). She also noted that \$4462 was paid to Ms. Swimley in October. There were no expenditures to be approved.

REPORT OF ENGINEER, GRANT AGENCY DRAWS & REPORTS

Kurt Thomson provided the engineer's report. He commented that agencies have conducted a thorough review of specs/plans and have provided comments. He has redlined the comments on the plans and will be doing the same for the specs. He talked to DEQ and they would like a full set of revised plans, which he will submit this week. All permits are in place except for DEQ, as previously explained by Mr. Donnelly. He is working with Ms. Swimley on the private property easements. He will provide a new estimate of cost and does not expect large differences; this will be shared with the Board when available. He has also submitted the connection plans at the lift station to FCWSD and has not yet heard back from the District's engineer, Marty Gagnon.

Government reports, administration and draw requests:

- RUS: nothing to report
- TSEP: nothing to report
- CDBG: nothing to report
- DNRC: nothing to report
- COE: nothing to report
- SEARCH: nothing to report

REGULAR BUSINESS

Discussion and Decision on Selecting an Audit Firm

Ms. Sullivan provided a summary of the GGWSD request for proposal (RFP) for audit services. RFP was sent to 2 Bozeman firms: Anderson ZurMuehlen (AZ) and Rudd & Company. The RFP requested proposals covering 3 services: 1) annual audit services; 2) a reduced-scope audit and/or review of District financial systems management including financial statement compilation, should a full-scale audit not be required; and 3) hourly services for on-going financial systems management and reporting.

Ms. Sullivan noted both firms are fully qualified and provided a brief profile of each firm to the Board. Both firms indicated their focus would be on government compliance requirements, and offer a similar risk-based approach to the engagement. The professional fees proposed by each firm varied. For the annual financial statement audit, AZ quoted \$13,000 for the first year, and Rudd quoted \$18,500. AZ indicated the cost for a reduced scope audit was TBD, based on District's needs, not to exceed \$8K, utilizing standard hourly rates of (\$105-230), and routine consultations throughout the year are included at no additional charge. Rudd quoted a compilation agreement, should an audit not be required, at \$2000, plus \$135/hr. for agreed-upon procedures (total hours based on the procedures determined by the District.) Ms. Sullivan noted that the \$18,500 quoted by Rudd appears high to her (FCWSD has engaged Rudd for their audit at a price of \$20K, and their financial systems are considerably more complex than GGWSD at this point). Ms. Sullivan noted that a full-scale audit is not likely to be required for this fiscal year (an audit is triggered at \$500K in revenue), but believes the District should engage a firm now to provide input and guidance on its financial systems, internal controls and reporting. She noted that AZ serves as the independent auditor for over 20 local governments including

Gallatin County, City of Bozeman and other city governments, several school districts, as well as several airport authorities. Board discussion indicated their agreement that engaging an audit firm now to review the District's books would be beneficial, and agreed the lower cost firm would be financially prudent. Director Sullivan made the motion to authorize Ms. Sullivan to move forward with discussions to engage Anderson ZurMuehlen as the District's auditing firm; Director Amend seconded the motion. There was no further discussion. The motion passed unanimously.

Discussion and Decision on Authorizing Engineer to Proceed with Solicitation of Bids for Wastewater Project

Mr. Donnelly reiterated that all financial clearances have been received from the agencies and the District is cleared to go to bid from a financial perspective. The District still needs written authorization from USDA to proceed to bid, and also needs authorization from DEQ, as well as TSEP, CDBG and DNRC to proceed to bid, which is expected 1-2 weeks after Mr. Thomson provides the agencies with responses to their comments, along with revised plans/specs. Mr. Thomson stated he expects to have all documents in to the agencies and DEQ this week. There was discussion around the timing of announcing the availability of bid documents, and the opening of bids. There is normally a 4-5 week timeframe between first advertisement (3 ads total) to bid opening. Mr. Thomson stated he would like the pre-bid meeting to be just after the new year, with bid opening the second week of the new year. Director Sullivan stated he wants to move forward with the bid process as quickly as possible. Director Amend noted that the holidays will likely drive the bid opening schedule, and he is comfortable with providing authorization to proceed to bid. President Border agreed that the District should move forward as quickly as possible, recognizing holiday constraints.

Director Sullivan made a motion to authorize its engineer to proceed to bid, provided the District receives authorization from the funding agencies, DEQ approval, and the GM and Treasurer approve the plan, financials and schedule. Director Amend seconded the motion. There was no further discussion. The motion passed unanimously.

President Border then asked for unanimous consent to adjourn. Seeing no objection, the meeting was adjourned at 7:26 p.m.



Secretary