

SEELEY LAKE WATER DISTRICT
MONTHLY BOARD MEETING

May 19, 2008

Attendance:

| | | |
|------------------|-----------------|----------------|
| Walter Hill | President | PRESENT |
| Glen Morin | Vice-President | PRESENT |
| Kim Grover | Director | PRESENT |
| Todd Johnson | Director | PRESENT |
| Charlie Hahn | Director | PRESENT |
| Vincent Chappell | General Manager | PRESENT |
| Felicity Derry | Secretary | PRESENT |
| Dale McCormick | PCI | PRESENT |

OPENING:

The meeting was brought to order at 5:38 pm at the Water District.

PUBLIC COMMENTS:

Dale McCormick, PCI (representing the KAKWA subdivision)

Chappell explained to the Board that he has been talking to PCI about attending a meeting to talk to the Board and TD&H regarding the route of the main line through the KAKWA property. Dale McCormick said that PCI is helping develop the property and the planning department wants to know how the development will be supplied with water. The plan is to use the Water District's water, however because of the District's moratorium on new hookups until after completion of the project that the District cannot provide a letter stating municipal water will be provided. PCI has been in contact with TD&H and it seems that the District's project and this development could be mutually beneficial. At this time Dale McCormick used a map of the development to show how it is proposed to be subdivided.

Chappell then showed the Board where the current main runs and the tentative route of the new main. With the development as it is currently proposed the main would have to be torn out when the homes were built. The Board discussed the various routes for the main line and the pros and cons for each option. Morin questioned if PCI's route would lengthen the pipe. Johnson questioned if PCI's route would be more expensive and who would cover the difference in cost. Chappell replied that currently when the Board has decided on the mainline route the engineer can easily work with the subdivision drawings and get it all approved. An agreement between the two projects could be drawn up covering time lines, difference in expense, and support could be given to the subdivision under the specified conditions. This subdivision was included in the PER, not

because we support it but because the State requires us to look at a growth plan for a project such as ours.

Morin was concerned that the District does not have sufficient water rights to take this development on. Chappell stated that so far this subdivision was only a discussion. A subdivision has to be approved by the Board and a letter of support is written. Usually the developer pays 100% of the cost of the infrastructure that the District requires. At the end of their project and the Water District accepts the system and then the maintenance becomes the responsibility of the District. If an agreement can be reached it needs to be done fairly soon while TD&H are still drawing the pipes.

Dale McCormick said it was his understanding that this subdivision was factored in to the project. Chappell explained that the project was sized to handle growth within the system, but we do not have the capability to handle the growth because of the limitation of the District's water right from the lake. The Board has to limit growth because of the limited water right. Currently a third of the District is undeveloped. These lots have been paying the filter debt and are eligible for hook ups when they are developed. The KAKWA property has the right for 1 hook up but not 50 because a single filter debt is being paid. As soon as the sewer comes in the growth rate will change and that will impact the water system also. We have 100 acre feet unused on our water right, approximately one third, and one third of the town is undeveloped.

Dale McCormick clarified that he wanted to open a line of communication and see if the KAKWA project could benefit the Water District. Johnson questioned if PCI hoped to get a letter from the District saying there is the possibility of getting public water so the subdivision can be approved. Dale McCormick said yes, the County Commissioners will not consider this unless it has a tangible water supply and the planning department needs some kind of commitment from the District. The goal is to get the preliminary plat approval by the end of the year.

The Board discussed the benefits for the different mainline routes. Hill said that the Board needs to discuss this matter and will review it at the next meeting. Chappell suggested that Kevin Wetherell may know the right people that the District could obtain water rights from and then we could ultimately support the development. Hill said that he would not be in favor of that and would be fearful of what people may read in to that. Chappell clarified that he said for Kevin Wetherell to facilitate finding a water right, not for Kevin to buy it.

Dale McCormick thanked the Board for their time, and left the meeting.

MINUTES OF APRIL 17, 2008:

Hill questioned if the water right numbers on Page 8 are correct? Chappell replied yes they are.

Hill moved to accept the minutes for April 17, 2008 as presented, Grover seconded.

FINANCIAL REPORTS:

April 2008 Financial Report

Johnson met with Vince to review the financials. The water sales income was right on target for the month. The water testing income was from the Ovando School District. The telephone expense showed a credit because of a rebate from Blackfoot Telephone. The vehicle operations were high because of the work that was done on the old truck. On the balance sheet account#6410 (Capital Projects) was down \$25,000 because it was used to pay the TD&H invoices. Account#32977 (FMHA payable) will have no more payments deposited in it so the Board needs to decide which account to transfer the money to. The Board discussed the possibilities and noted that all of the accounts received the same interest rate.

Johnson motioned to move the money from account#32977 to account#6410 (Capital Projects), and Hahn seconded the motion which was then passed.

Chappell informed the Board that an approval was needed to pay the next loan payment in the amount of \$44,990 for the DNRC loan due July 1st, 2008. The current balance in the account#32969 Filter Payment is \$55,000.

Johnson motioned to pay the July 1st payment in the amount of \$44,990, and Morin seconded the motion which was then passed.

Johnson noted that the inventory value had dropped due to an inventory adjustment. Chappell explained that the inventory is checked twice a year and this was the result. The annual audit is scheduled for next month with JCCS.

Johnson explained that the accounts payable balance of \$17,000 was so high because of the \$12,000 invoice from TD&H. All of the adjustments in the adjustments journal were standard and there was nothing out of the ordinary. The check detail was good; Chappell had bought stamps before the price increase. The bank and credit card statements were reviewed and all matched up. Chappell accidentally used the company credit card to pay for a personal hotel stay, which is very easy to do. Chappell had notified Johnson immediately and wrote a check to the credit card company for the amount of the charge.

Grover moved to accept the financial reports for April 2008, and Hahn over seconded the motion which was then passed

DELINQUENCY REPORT:

| ACCOUNT | STATUS | TOTAL BALANCE |
|---------------|-----------------------------|-----------------|
| 7 | PAID IN FULL | \$ - |
| 76 | PAID IN FULL | \$ - |
| 94 | PAID IN FULL | \$ - |
| 101 | TURNED OFF | \$ 59.32 |
| 104-05 | FINAL BILL | \$ 80.89 |
| 169 | PAID IN FULL | \$ - |
| 201 | PAID IN FULL | \$ - |
| 208 | PAYMENT ARRANGEMENTS | \$ 160.78 |
| 210 | PAYMENT ARRANGEMENTS | \$ 81.99 |
| 224 | PARTIAL PAYMENT | \$ 91.93 |
| 226 | PAYMENT ARRANGEMENTS | \$ 83.23 |
| 236 | PAID IN FULL | \$ - |
| 270 | PAID IN FULL | \$ - |
| 286 | PAID IN FULL | \$ - |
| 294 | PAID IN FULL | \$ - |
| 307 | PARTIAL PAYMENT | \$ 20.89 |
| 314 | PAID IN FULL | \$ - |
| 330 | PAID IN FULL | \$ - |
| 332 | PAYMENT ARRANGEMENTS | \$ 57.44 |
| 340 | PAID IN FULL | \$ - |
| 342 | PAID IN FULL | \$ - |
| 348 | PAID IN FULL | \$ - |
| 374 | PAID IN FULL | \$ - |
| 380* | LIENED | \$ 270.14 |
| 403 | PAYMENT ARRANGEMENTS | \$ 84.88 |
| 410 | PAYMENT ARRANGEMENTS | \$ 70.82 |
| 434 | PAID IN FULL | \$ - |
| 443 | PAID IN FULL | \$ - |
| 445-01 | FINAL BILL | \$ 32.18 |
| 476 | TURNED OFF | \$ 64.72 |
| 485 | SCHEDULED FOR TURN-OFF | \$ 116.17 |
| 498 | PAID IN FULL | \$ - |
| 560 | PAID IN FULL | \$ - |
| 586 | PAID IN FULL | \$ - |

CURRENT STATUS/COMMENTS

| | | |
|--------------|-----------------------------|--------------------|
| 586-04 | FINAL BILL | \$ 20.00 |
| 589 | PAID IN FULL | \$ - |
| 592 | PAID IN FULL | \$ - |
| 654 | OFF FOR NONE PAYMENT | \$ 78.71 |
| 667 | OFF FOR NONE PAYMENT | \$ - |
| 694 | PAID IN FULL | \$ - |
| | | |
| TOTAL | | \$ 1,374.09 |
| * | DEBT TOTAL (INCLUDED ABOVE) | \$ 270.14 |

May 2008

Chappell explained that the letters had only just been sent, so no arrangements have been made. Hill noted that the same names keep showing up on the list.

Johnson moved to accept the delinquency report for April 2008, and Grover seconded the motion which was then passed

OPERATIONS REPORT:

Chappell informed the Board of the following:

1. The loss report jumped up by a million gallons which equates to approximately 25 gallons a minute. The majority of the month we have been out going through the system leak detecting, trying to narrow everything down before HD Supply comes in to leak detect June 9 and 10. We found 2 leaks. One is being fixed and the other is a main line leak in front of Jim White's house. This does not account for the entire leak and we are still working to find more leaks.
2. Finished the pump house.
3. Met with Dan and went over some numbers for the hydraulic model.
4. Performed routine clean up and fixed some small problems.
5. Did the first tap of the season on Riverview Drive.

Morin moved to accept the operations report for May 2008, and Hahn seconded the motion which was then passed.

OLD BUSINESS

Project Update

Chappell told the Board that TD&H are finalizing the hydraulic model. All of the paperwork for the Corp of Engineers has been finalized. The Corp is finishing their end. Johnson had questioned Chappell at their meeting as to how TD&H has been responding since the letter. Chappell indicated that they had been more responsive.

Grant Status

Chappell said that all of the applications are in, but we won't know anything for about 6 months.

Lobbyist

Hill explained that the white paper included in the Board Packet is what the lobbyist is presenting to the congressional delegations. Her argument is if we get some money this year they will see it through. The upcoming May 28th meeting is so that the water and sewer boards can get on the same page and a united front can be presented to congress.

Johnson commented that Wednesdays are difficult for him. Grover said that she will be in Lincoln. Hill said that Max Baucus' staffers will be doing a walkthrough of the water plant June 20th, which is a Friday afternoon. Johnson requested that Derry send out a reminder to all of the Board members.

Chappell requested that the Board approve the latest invoice from TD&H in the amount of \$7,387.14.

Morin motioned to pay the TD&H invoice in the amount of \$7,837.14, and Grover seconded the motion which was then passed.

Badger Maintenance Agreement

Derry informed the Board that after the initial 5 years of warranty there is no option to extend the warranty. If you don't renew the warranty the cost of technical support is \$250 for the first hour and \$125 for every hour after that per incident. The Board asked how many incidents have there been so far. Chappell responded that there have been none and would recommend not renewing the warranty and paying the hourly rate if the need arose.

NEW BUSINESS:

Joint Meeting with Sewer Board

Previously covered.

Chappell informed that Board that Liz Mullins, DNRC sent an email informing us that one of the state lands lots had been leased out a year ago. Throughout all of the discussions with them to pay

their bill they did not mention this. She sent another email saying that the District needs to back bill the lessee. Chappell replied no, we will start billing the owners July 2008, and the State can collect the money from the lessees that they are owed. The Board agreed.

CORRESPONDENCE:

Rami Williams wrote a postit note saying that they had never been late before. The Board agreed that they would consider a formal request; however a sticky note was not a formal request.

The Board discussed the Kevin Wetherell project and the need for a larger water right. Chappell cautioned the Board of the many conditions that need to be considered in a situation such as this so as not to short the District. Johnson said that the District has to say no to the subdivision because of our current water right and the potential users that currently have the right to hook up. The District needs more water. Hill said that somehow the cost of the acquisition will have to be partially be debited to KAKWA. Chappell said that an impact cost could be calculated. Hill wondered how long that fee could be charged. Hill thought that Mike McLean might have some suggestions. Johnson suggested that the District find 10 people that are willing to give up a portion of their water right. Hill agreed but asked how much water will we need? Is a 500 acre foot right going to be enough in 2050? Chappell suggested that the water right needs to be at least doubled.

NEXT REGULARLY SCHEDULED MEETING:

The next regular board meeting will be held on June 19, 2008, at the Water District Plant.

ADJOURNMENT:

Morin motioned to adjourn the meeting; seconded by Grover and carried at 6:55pm.

Attest:

Walter Hill, President

-And-

Vincent Chappell, General Manager

| SEAL |