

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT MINUTES
Board Meeting July 5, 2006

1. Call to Order: A quorum being present, the meeting was called to order at 6:31 p.m. outside of the Monforton School and then moved in the main Conference Room at the Library of the Monforton Elementary School, 6001 Monforton School Road, Bozeman, Montana

Present: John Hulme, Richard Smith, Chris Nelson, Don McHenry, and Mike Pearson

Also present: Susan Swimley, attorney for the District, members of the public Ben Zavora, Ron Edwards, John Close and Lisa Ratto

2. Approval of Minutes: Richard Smith moved to approve the minutes for June 7, 2006 with the following correction in the Call to Order by inserting "at" 6:35 p.m. instead of "to" and item 3b striking the words "North of" so the entry reads, "Richard Smith advised the Board that he is working through rates and fees for property south of Norris Road and new annexations." Chris Nelson seconded the motion. The Motion passed unanimously.

3. Old Business:

- a. Petition to Exclude Garden Center Real Property. Attorney Susan Swimley presented the Resolution for exclusion per the Board's direction. The Board discussed the benefits of keeping the property in the District as well as the reasons for exclusion. The Board discussed the possibility of purchasing well capacity from Garden Center. Richard moved to approve the Resolution, determine the property is not benefited by being in the District and set the hearing for July 26, 2006. Chris Nelson seconded the motion. Approval of the Resolution passed unanimously. The hearing to exclude the property shall be noticed and conducted on July 26, 2006.
- b. Discussion of Amendments to Rules and Regulations and contract with Utility Solution. John Close and Richard will obtain the information on the properties to modify the contract.
- c. Annual Report – no update.
- d. Update on Amendment to Utility Solution Contract to include property South of Norris Road – Chris pointed out that the service agreement allows for 2 rates – base and monthly, which was different that the contract for the North of Norris Road property (Service Area I) that is taxed for the improvements and then rates are added to that amount. Richard informed the Board that Utility Solutions wants the area South of

Norris (Service Area II) to pay a lump sum and not a service fee on the tax base. Ron Edwards cautioned that treating the two (2) service areas differently causes problems. Chris was in favor of spreading the user fee over more users as opposed to paying the service fee up front and not over monthly base rate forever.

The Board then discussed their comfort level with the sewer capacity and how to address annexation of land for which sewer capacity does not yet exist. The District needs to have assurances that capacity will exist before annexation can be approved.

4. New Business

- a. Black Bull Run. - Pending.
- b. Flikkema. - Pending.
- c. Gallatin Heights. A Petition was received and the annexation will be processed for an election in late November or early December of 2006.
- d. Appointment of new Board member: Ben Zavora accepted the Board's appointment to replace Chris Nelson. The Board expressed their gratitude for Chris's service to the District and his willingness to be part of an ad hoc finance committee.
- e. The Board was updated on the impact of Trout Unlimited v. DNRC (II – Smith River case) and how that might impact the Zoot wells as that will be the first DNRC review after the case
- f. Ron Edwards introduced himself and presented his proposal for short-term-start up work (establishing book keeping / tax and assessment resolutions) and long-term scope of work. The Board discussed the proposal and asked Ron questions. Ron indicated that his consultation in the contract amendments process needs to be added into the proposal. Richard moved to accept the proposal with the inclusion of the contract amendments. Don seconded the Motion. Motion passed unanimously.

Ron recommended that the District seek independent engineering analysis to review Utility Solutions expansion proposals. John Close welcomed the review on behalf of Utility Solutions.

- g. Formation of ad hoc committee – finance
Richard and Chris volunteered to work with Ron, Susan and Ben in order to be able to succinctly discuss the financial issues of the

District in terms of contracts, service areas, assessments, upcharges and taxing.

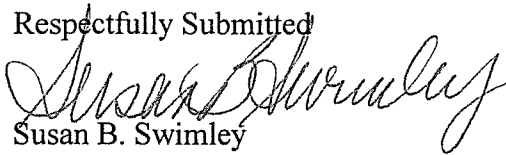
5. Public Participation: None.

6. Board Member Issues

John received a petition for annexation from Buckland Siding in Rainbow subdivision East of the highway and North of Elk Grove.

7. Adjourn Meeting Meeting adjourned at 8:00 p.m.

Respectfully Submitted



Susan B. Swimley
acting secretary and legal counsel