

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT MINUTES
Board Meeting September 11, 2006

1. Call to Order: A quorum being present, the meeting was called to order at 6:41 p.m. in the main Conference Room at the Library of the Monforton Elementary School, 6001 Monforton School Road, Bozeman, Montana

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

Absent: Ben Zavora

Also present: Susan Swimley, attorney for the District, members of the public

2. Approval of Minutes: Richard Smith moved approval of minutes from the July 26, 2006 and the August 2, 2006 meetings as presented. Don McHenry seconded the motion. Motion passed unanimously. Minutes of August 21, 2006 meeting were deferred to next meeting.

3. Old Business:

- a. Amendments to Rules and Regulations (rates and charges) Utility Solutions Contract for various service areas and report of ad hoc finance committee. – The Board discussed amending the Rules and Regulations to allow temporary exempt wells to be drilled within the district until such time as the beneficial water user permits are approved. The Board considered Resolution 2006-03, which outlined the proposed modification to the Rules and Regulations. John Hulme explained that the proposal would allow the exempt wells to begin process and that the wells had to be abandoned upon notice from the District. Richard moved approval of Resolution 2006-03. Don seconded the motion. Under Board discussion the Board considered how many units could be hooked to one well. The decision on that would be deferred to the review process before the Board at the time the Board considered an application for temporary exempt wells. Richard and John volunteered to draft the application. Motion passed unanimously. Susan explained that the Rules and Regulations are an ordinance; therefore the Board needs to conduct a first reading of the modification to the ordinance not less than 12 days before the second reading of the modification to the ordinance. The modification is effective 30 days after the second reading.

- b. Annual Report – Ron Edwards submitted draft letters seeking proposals for auditing the District's finances. John Hulme will be responsible for mailing the audit letter out. The standard audit contract is located on the Department of Commerce website.

- c. Process of Gallatin Heights Petition to Annex- deferred for later discussion.

4. New Business

a. Ratification of Officers: Susan handed out a sheet of director's terms that shows the dates of President/Chairman election. Richard moved to ratify John Hulme's election as President/Chairman. Mike Pearson seconded the motion. Motion passed unanimously.

b. Black Bull Run – Petition. This item was opened and discussed with Flikkema, APK and Gallatin Heights. These subdivisions are all in the process of county subdivision approval and have discussed or petitioned annexation to the district. All have will serve letters from Utility Solutions. The first question the Board must consider when considering annexation is "Does the District have water to serve these developments?" The board questioned if there was conditional annexation. Once annexed the District is obligated to provide water. Ron Edwards encourage the Board to hired technical expertise to review the Utility Solutions plans for providing sufficient water to these subdivisions. Additionally, the District does not have to go to an election if there is surplus water. If the District confirms, once the beneficial water user permits are approved, there is surplus water, then the annexation of non-contiguous lands can be accomplished. The Board postponed proceeding with annexation discussions at this time.

c. Flikkema – Petition. See discussion above.

d. APK- Petition. See discussion above.

e. Update on Litigation involving District. In Lohmeier v. District, Utility Solutions has moved to intervene. Lohmeier objected. All three 18th Judicial District judges recused themselves. No judge has accepted the case.

Faust et al. v. Utility Solutions and District. Susan informed the Board this case was filed seeking injunction of water use. The Board authorized the litigation strategies discussed and approved at the August 21, 2006 meeting.

f. Ratification of Board Actions, including adoption of resolutions and contract for services with Utility Solutions. Susan presented the board with two different drafts of Resolution 2006-04, which ratified each and every action of the Board of Directors of the District. This is not an action changing any previous decision. It is an action that ratifies the previous decisions of the Board, including each and every action, motion, resolution, adoption, and authorization of taken at the previous meeting of the Four Corners County Water and Sewer District Board of Directors, including adoption of resolutions, appointment of President/Chairman, adoption of Ordinance and contracting with Utility Solutions, LLC for Water Supply and Wastewater Treatment Service Agreement, Co-Tenancy Agreement and Management

Agreement and 1st Amendment to the Contract for Water Supply and Wastewater Treatment Service Agreement. Mike Pearson moved to approve the Resolution ratifying previous actions. Don McHenry seconded the Motion. Motion passed unanimously.

- g. Consideration of a resolution allowing temporary wells. The Board, having passed Resolution 2006-03 and directed staff to proceed with the ordinance process, the Board then discussed and set a meeting for 1st reading of the modification of the Rules and Regulations Ordinance allowing temporary exempt wells for Tuesday, September 19, 2006 at 6:30 p.m.

- 5. Public Participation: No public comment was presented.
- 6. Board Issues: Ron Edwards handed out a synopsis of the tax levy work completed. Ron also presented his comments to the Service Area 3 proposed agreement. The Board will consider and act upon at a later date.
- 7. Adjourn Meeting Meeting adjourned at 7:30p.m.

Respectfully Submitted



Susan B. Swimley
acting secretary and legal counsel