

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES

October 3, 2007

1. Call to Order

There being a quorum present, President John Hulme called the meeting to order at 6:30 p.m. in the library of the Monforton Elementary School, 6001 Monforton School Road, Bozeman, Montana.

Present: John Hulme, Don McHenry, and Mike Pearson

Also present: Wendy Heibert - bookkeeper for District, Susan Swimley - Attorney for District

Public: John Close, Barbara Campbell, Kris Vandersloot, Tony Kolnik, and Ron Edwards

2. Approval of Minutes for August 15, 2007 Special Meeting and September 5, 2007 meeting.

MOTION: Mr. McHenry moved, Vice President Pearson seconded, to approve the minutes of August 15, 2007 and September 5, 2007 as presented. The motion carried 3-0.

3. Consideration of Financial Reports

a. Update on financial policies.

Ms. Heibert presented reconciled account information to the Board. She stated the audit was being prepared and would begin in two weeks. Ms. Swimley added the contract for audit was on schedule.

b. Update on ordinance for Levying Taxes in the District as approved.

President Hulme asked Ms. Swimley to explain what had happened at the Commission hearing for the proposed ordinance for taxes. Ms. Swimley responded there was only one protest to the proposed resolution and the County Commission had determined they would require the District to escrow \$90,000.00 until such a time as it was determined if the tax assessment done by the District had been correct. She added that she would create a draft resolution for Commission approval in the mean time. She stated the Board had already passed a tax resolution in 2005, but those boundaries would need to be defined. Vice President Pearson asked what would happen if the District could not pay their bills. Ms. Swimley responded the contract would be remedied. President Hulme asked Mr. Edwards to explain the worst case scenario with regard to the approval of the resolution. Mr. Edwards explained the legal descriptions would be reconciled and contracts would be drafted. Ms. Campbell offered the Board the amended plat that would

more accurately depict the legal descriptions in question. President Hulme noted the calculations could be completed in one month. Ms. Swimley added that the legal descriptions and number calculations could be completed, but the issue may not be resolved at that time as someone could protest the resolution.

- c. Update on Policy for Meters on Lots in the District as approved.
 - 1. Approval of revised Ordinance for Metering of Lots within the District

Ms. Swimley stated she did not yet have a completed draft on the policy for meters on lots in the District. Item 3c and Item 3c1 were continued to the next District meeting.

- d. Proposed Final Budget for Fiscal Year 2007-2008 for approval.

Ms. Heibert explained that some figures were hard costs and some were reasonable estimates. Mr. McHenry asked what capital outlay was. Ms. Heibert responded it was a small amount of money set aside that could be used for equipment purchases.

MOTION: Vice President Pearson moved, Mr. McHenry seconded, to approved the Final Budget for fiscal year 2007-2008 as presented. The motion carried 3-0.

- e. Approval of Financial Reports

MOTION: Mr. McHenry moved, Vice President Pearson seconded, to approve reconciled checks through August. The motion carried 3-0.

- 4. Old Business
 - a. Litigation Update

Ms. Swimley stated litigation had been filed to protest the annexation of Black Bull Run and Middle Creek Park Lands into the District. She explained the Board's intervention in the litigation should not be decided based on the money the District would owe her in her capacity as their attorney. President Hulme stated he felt the Board should intervene, but was concerned with the amount the Board would have to be involved and the amount of financial resources that would need to be used. Ms. Campbell explained which parties would be on the side of the litigation. Ms. Swimley added that litigation fees had been budgeted for. Vice President Pearson asked if it would make a difference if the Board decided to intervene. Mr. Hulme responded that when the Judge made the final decision, they would see the difference between the other entities involved and the individuals of the District. Vice President Pearson agreed that the District should intervene in the litigation. Ms. Campbell suggested it would be a different perspective to present and the District's involvement would be important.

MOTION: Mr. McHenry moved, Vice President Pearson seconded, to intervene in the litigation protesting the annexation of Black Bull Run and Middle Creek Park Lands. The motion carried 3-0.

- b. Update to petitions for Annexation:
 - i. Land Equity Partners (Gallatin Heights)

Ms. Campbell stated Gallatin heights would be heard before the Commission for permit approval later in the week. Item 4bi was continued to the next District meeting.

- ii. APK (Buckland Siding)

Ms. Campbell stated water service had been provided to Buckland Siding and they had gotten their permit. Item 4bii was continued to the next District meeting.

- iii. Tony Kolnik petition for annexation in Service Area 3

Mr. Kolnik stated there was limited availability for services in Service Area 3 and added that he was interested in sewer service only. He stated he would like annex into the District and noted he had properties near Cherry and Central where the properties had already been annexed. He added others had approached him with interest in annexation and he would keep them informed of the situation. Mr. McHenry added the Board had not yet made a decision with regard to the policy for sewer service only. Ms. Swimley added the Rules and Regulations could be modified at a later date to reflect the Board's decision. Mr. McHenry suggested the services be gauged individually. Ms. Swimley responded the language would need to be specific. President Hulme noted the District was roughly three months away from being able to charge for services. Ms. Campbell added she was not in support of sewer service only due to the difficulty it would cause in mitigation of consumption. President Hulme stated the Board would need to decide on what services their contract would require for sites within the District; adding the Board would probably require both water and sewer services. Ms. Campbell suggested over-use of water be part of the service contract. Mr. Kolnik stated he did not want water provided, but was interested only in sewer service. He added that he would like the Board to provide to him in writing the reason that the District would not allow the annexation of his property. Ms. Swimley responded he would need to complete the petition for annexation and he would be given a response to that petition. Tem 4biii was continued to the next District meeting.

- c. Update on mail ballot election on December 11, 2007 and mailed notice of election to annex Black Bull and Middle Creek Parklands

Ms. Swimley stated she would present the Board with a Draft of the notice to be mailed prior to the mailing of the ballot.

- d. Presentation of draft privacy policy for District consumers

Ms. Swimley stated she had not completed the draft privacy policy for District consumers. Item 4d was continued to the Next District meeting.

- e. Amendment to Rules and Regulations (rates and charges), Utility Solution contract for various service areas, report of ad hoc financial committee
 1. Contract negotiations for modification of US Contract for additional service areas and proposed annexation of property
 2. Contract discussion and negotiation, possible modification regarding lots in Gallactic Park

Ms. Campbell stated her attorney was currently working on the contracts for Service Areas. She explained there would be a capital cost specific to those properties south of the road, but the operational costs would be the same monthly. She added that the numbers were close to completion, but the legal language would need to be finalized. She stated the cost of service would be spread further and further with each annexation of land; adding that water and sewer had been recorded separately for each Service area and the information would be used to finalize the contractual amount. Item 4e was continued to the next District meeting.

- f. Short-term service contract for sewer service only for Monforton School, Taco Time, and Garden Center for approval

Ms. Swimley stated she had not yet completed a draft of the short term service agreement for sewer service only. She suggested one solution might be to buy Garden Center's wells. Item 4f was continued to the next District meeting.

- g. Approval of Amendment to Rules and Regulations with regard to separation of landscape irrigation meter wells and curb stops in Service Area 2
 1. Explanation of proposed meter pits (Mr. Zavora to address)

Item 4g and Item 4g1 were continued to the next meeting of the District.

5. New Business
 - a. Other matters to be placed on Future agendas

Ms. Campbell stated she had been working with the Hart's, who own property on the Korner Klub corner. She stated she would like a representative of Engineering, Inc. To present a proposal for service to that quadrant at the next meeting of the District on November 7, 2007. She suggested the annexation could be done as a subarea and annexed into the District as a stand-alone project. She stated the cost would be roughly \$1,200,000.00 and could potentially benefit 80 lots.

6. Public Participation on Non-Agenda Items: 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.

There was no public comment forthcoming at this time.

7. Board Member Issues

There were no Board Member Issues at this time.

8. Adjourn Meeting

There being no further business before the Board, the Four Corners Water/Sewer District meeting of October 3, 2007 was adjourned at 8:03 p.m.

Respectfully Submitted,



Tara L. Hastie

Recording Secretary