

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
Wednesday, October 1, 2008

1. Call to Order

There being a quorum present, President Pearson called the meeting to order at 6:35 p.m. at library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Present: President Mike Pearson, Vice President Ben Zavora, and Edward Schmidt

Also present: Susan Swimley, Attorney; Jan Klotthor, bookkeeper; Mae Nan Ellingson, bond counselor

Public: Trevor Campbell, Barbara Campbell, Heidi LeDain and Matt Williams

2. Approval of Minutes for September 3, 2008 meetings.

Once correction by Mr. Schmidt was noted – need to change the Motion in 5c as being moved by Mr. Schmidt, not Mr. Smith as stated.

MOTION: Mr. Schmidt moved, Vice President Zavora seconded, to approve the minutes of September 3, 2008 subject to the correction in section 5c, changing the Motion being made to Mr. Schmidt. The motion carried 3-0.

3. Consideration of Financial Reports

a. Approval of Financial Reports

Jan Klotthor was introduced. She has assumed the position of bookkeeper for the district, replacing Wendy Heibert. Ms. Klotthor presented the financial reports.

MOTION: Mr. Schmidt moved, Mr. Zavora seconded, to approve the Financial Reports as presented. The motion carried 3-0.

b. Next Payment to Utility Solutions

Board members discussed the 1010 money market account from the financial report. They determined to move the money from that account to their general account. Currently Richard Smith and John Hulme are the signers on the account but the board will discuss with the bank adding instead President Pearson and Mr. Zavora.

President Pearson suggested writing a check to Utility Solutions of \$100,000, allowing for the monthly financial needs of around \$5000 to remain in the account.

MOTION: Mr. Zavora motioned and Mr. Schmidt seconded to approve writing a check to Utility

Solutions of \$100,000. The motion carried 3-0.

4. Old Business
 - a. Litigation Update
 1. Zoot

Ms. Swimley reported that Zoot's response was due Thursday, October 2. If there will be a need for oral arguments that would be scheduled in November, otherwise briefs would be filed.

- b. Approval of Annexations
 1. Approval of Ordinance 2008-01
 2. Annexation of Gallatin Heights

Agenda item to be covered at next meeting.

3. Rasmussen Annexation

Ms. Swimley reported that research was still needed to determine if the property is contiguous and/or draft a service contract. President Pearson had spoken to Mr. Rasmussen via telephone and was told that there was no immediate need by Mr. Rasmussen and he would wait and see.

- c. Petitions for Exclusion of Smith and Brailsford properties

Mr. Zavora would be in touch with Mr. Smith to check the status of this request.

- d. Amended and restated Water and Wastewater Service for the Four Corners County Water and Sewer District for the Contract with Utility Solutions, LLC. - update

References to dates beyond the contract date, modifications to the language regarding the purchase price and the addition of a paragraph on preservation of rights were under consideration. Ms. Campbell raised concerns that the methodology with which she had based valuations in the contract were from the River Rock scenario and the current language regarding clarification on developer paid assets conflicted with the valuation based on an engineer evaluation of the entire infrastructure. Ms. Ellingson noted that the scenario between the district and River Rock was different and that when the derivation of valuations of annual base rates were better clarified the District's purchase price would be better determined also knowing what component of the debt service was included. The voters would have to be convinced the purchase price was inline with the valuation, and the District would need to negotiate whether the base rate of \$508,000 would have any part of it calculated against the purchase price.

The District Board members agreed to strike from the agreement the portion of Section 15 Sub D (pg 14) that references the valuation of purchase price, "utilizing both the replacement value, the value of US facility infrastructure paid for by a 3rd party developers or parties and revenue generation methods."

Ms. Campbell suggested looking at a stepped purchase option with sewer being first based on the bond opinion issued regarding water rights in district court in Helena.

Ms. Swimley noted the agreement date of August 25 as being retained with the modification of Section 15 Sub C (pg 14) to allow 6 months for due diligence.

e. Discussion and decision on next actions – possible purchase of US assets via bond sale

An additional meeting will be scheduled with Ms. Ellingson to discuss options on the types of bonds available for district purchase. The timeframe discussed is May 2009 for possible debt election. Ms. Ellingson raised the question of how the district will be able to comply with notices of increases in January based on the current timelines.

5. New Business

a. Discussion with Utility Solutions – amend Rules and Regs to change monthly charge to commercial property (currently \$297 per month)

The rates were discussed using Galactic Park as an example, and whether the District wanted to continue using line size as the determination of rates and charges. Ms. Campbell shared a breakdown on calculation based on line size; the contract for Galactic park starts with an 8” service drop. A 2” meter on Zoot comes to \$297/month based on this breakdown – the methodology is very different than a square foot methodology, current base rates are based on edu’s. Service Area 3 shows which areas have condo allocations. The Board determined that until the details can be re-evaluated within the purchase negotiations that the current rate structure would remain in place.

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.

None.

7. Board Member Issues

a. Mr. Zavora would schedule a meeting with Ms. Ellingson including discussion of a business plan for the district.

b. A conference call would be scheduled if a response is filed in Zoot litigation.

c. Next meeting election of officers; no Board terms were set to expire at this time.

8. Adjourn Meeting

There being no further business before the Board, the Four Corners Water/Sewer District meeting of September 3, 2008 was adjourned at 8:10 p.m.

Respectfully Submitted,

Heidi Le Dain

Heidi L. Le Dain, Recording Secretary