

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
February 3, 2010

1. Call to Order

There being a quorum present, Vice President Pearson called the meeting to order at 6:43 pm, in the gym of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Present: Vice President Mike Pearson, Treasurer Ed Schmidt, Don McHenry and Nancy Flikkema

Public: Susan Swimley, Erin McHenry, Marty Gagnon, Ron Edwards and members of the public

2. Approval of Minutes from January 6 and January 27, 2010 meetings.

Delayed until next meeting

3. Consideration of Financial Reports

Treasurer Schmidt reported we have approximately \$23,000 to pay bills. The board reviewed outstanding bills.

MOTION: Mr. McHenry made a motion, Vice President Pearson seconded, to pay Utility Solutions the rates due and hold off on all other bills. The motion passed 4-0.

4. Business

a. Resignation of President Zavora effective 01/29/10.

Cory Klumb has offered to serve on the Board. Member Klumb was seated after signing the oath of office.

MOTION: Vice President Pearson made a motion, Ms. Flikkema seconded, to add Cory Klumb to the Board. The motion passed 4-0.

b. Election of Officers

MOTION: Treasurer Schmidt made a motion, Vice President Pearson seconded, to elect Don McHenry President, Nancy Flikkema Vice President and Ed Schmidt remain as Treasurer. The motion passed 4-0.

c. Annexations

All on hold.

d. Discussion of uniform financing application- updates on SRF/ RD

Mr. Gagnon, Mrs. Swimley and Mrs. DePuy put together the answers for the RD presented. SRF reported to Mr. Gagnon that they would not participate in funding as the district is less than 50% developed. SRF may still finance the plant but they aren't sure yet. RD reported they are only willing to fund 70% so we will have to look for additional funding sources. DA Davidson is one possibility. We could then go to a federal level.

Mrs. Swimley suggested there is still the possibility the district may qualify for a grant from RD for up to 35%. She wanted to know if the board wanted her to contact DA Davidson. The Board wanted more information on the possibility of the grant before looking elsewhere.

e. Dates for public meetings and outline public information for election

Mrs. Swimley suggested the Board should move forward with the public information campaign. She asked if the Board had reviewed the funding options, as we would need to decide the method of funding before we call for an election. If we wanted the election in May we would have to decide on the method within the next 2 weeks.

Mr. Gagnon updated the board on the conference call between May Nan, Ron Edwards and himself. Their discussion included the EDU method and all of them have different opinions. All are concerned with how to apply them to commercial properties, as once you establish you cannot change. The example used was the usage of a car wash and a retail location and how to account for the differences.

Mr. Schmidt asked what the PSC was saying about the election. The board agreed this would affect the election and should be discussed before establishing a public information campaign.

f. Discussion of PSC asserting jurisdiction over the sale/purchase of US.

Mrs. Swimley reported the PSC just wants to make sure the purchase is in the best interest of the public. They want to make sure the board is thoroughly informing the affected public. If the public votes it in they want to make sure it is a good sale.

Mr. Schmidt asked if we knew what the rate would be if it went to the PSC. Mrs. Swimley and Mr. Gagnon reported they have no idea. They could guess on the basis of Elk Grove but it would only be a guess. Mr. Gagnon thought the method of funding resulting in the rate closest to Elk Grove would be option "D&A". He pointed out this method charges against vacant lots.

Board Discussion:

Mrs. Flikkema wanted to remind everyone how much the developments have already contributed to the districts infrastructure. The board agreed the square foot taxation method see most equitable but it still puts a large burden on the developers. Mr. Klumb wanted to point out the fact that if the developers can't pay their bill the district wouldn't have the money to make the loan payments and would default so everyone losses.

Public Comment:

Unknown: If we waited and annexed Elk Grove before purchase would this allow enough users?

Mrs. Swimley summarized that the district cannot force Elk Grove to annex. The last time she contacted them they were busy working with the PSC. Treasurer Schmidt suggested we wait for Elk Grove and try to annex. Mrs. Swimley thought there was an option to give them an incentive to join but would have to research further.

Bill Hargas: Purchasing is the right thing to do but it may be premature. It seems like there is too much pressure being put on vacant lots. Could we wait 2 or 3 years and revisit?

President McHenry responded that she may not sell in 2 or 3 years. We have already postponed the purchase twice and she might not want to continue with the process.

Les McCartney: What about the grant? What would happen if we would qualify?

Vice President Flikkema stated she would like to look at the possibility of a grant to supplement funding. No need to continue with public information campaign until we know more about it. The board agreed we should do finding scenarios less the 9 million and do more research on the grant possibility. The board agreed to not go to the public with a method that would put too much burden on the undeveloped lots possibly causing default of the loan.

Mrs. Swimley agreed she would check with Mae Nan regarding the grant funding. She would also report to US we are still looking for more funding.

The board tentatively agreed on a February 17th meeting.

f. Discussion of out of district annexation or service

1. McCartney

Mr. McCartney asked if the board would agree to provide him out of district service. He is working on a construction project and needs an agreement with the district to complete his construction loan. He had an agreement with US for service but because of the purchase agreement needs approval from the board. He would like to address the possibility of annexation in the future.

MOTION: Treasurer Schmidt made a motion, Vice President Flikkema seconded, to do a letter of intent to create an out of district service contract for Les McCartney. The motion passed 4-0.

5. Public Participation

Someone asked about the capacity of the district. The district is currently under capacity of the system. The system is also scheduled to have necessary upgrades as needed.

6. Board Member Issues

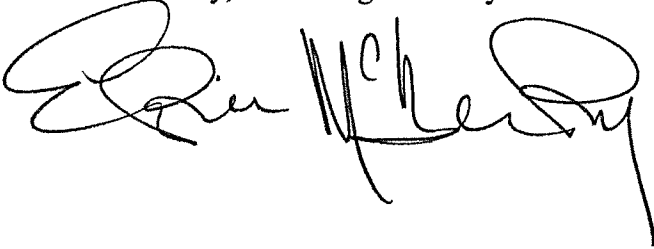
Mrs. Swimley wanted to know how she was to handle public requests for information. She has been getting requests such as Martin Balas and Mr. Stewart from Gallatin Heights. She wanted to know if she should respond or forward the questions to the board. The board agreed they would feel comfortable with Mrs. Swimley responding to any public requests she might receive.

7. Adjourn Meeting

There being no further business before the Board, the Four Corners Water/Sewer District meeting of February 3, 2010 was adjourned at 8:28 p.m.

Respectfully Submitted,

Erin McHenry, Recording Secretary

A handwritten signature in black ink, appearing to read "Erin McHenry". The signature is written in a cursive, flowing style with a large loop at the end.