

**FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
MINUTES FOR
August 4, 2003 Board Meeting**

Meeting was held at the cafeteria at the Zoot Enterprises building located at Four Corners at 555 Zoot Enterprises Lane. Present at the meeting were Board members: Chris Nelson, John Hulme and Trina Kallenbach. Board members Dennis Simpson and Duane Sands were not present. The three board members present constituted a quorum. Members of the public were also present along with District counsel and acting Secretary, John C. Brown.

The Meeting was called to order by President Chris Nelson at approximately 5:15 p.m.

By unanimous vote the Board approved the draft minutes for the July 15, 2003 Board Meeting with one change relating to the public statement read by Barb Campbell.

Public input was heard on non-agenda items. Bruce Nelson discussed the objection filed with the DNRC concerning the Zoot wells and the fact that if the objection is successful, there may never be a public water system in the Four Corners area.

Attorney John C. Brown discussed the status of the two ongoing Gallatin County law suits against the District and the July 30, 2003 letter he received from Art Wittich. (Copy attached.) Mr. Brown told the Board that he would find out the County's response to Mr. Wittich's settlement proposal contained in the letter.

Mr. Brown also related to the Board his conversation with Marty Gagnon of Morrison-Maierle concerning the ownership of the Morrison-Maierle Four Corners treatment plant plans. Mr. Gagnon was present at the meeting as a member of the public. Mr. Gagnon told the Board that the Four Corners plans were available to the District, though the price would have to be negotiated. Mr. Gagnon also told the Board that the plans were not site specific.

Mr. Brown discussed with the Board the District's ability to generate revenue including the possibility of assessing lots within the District to raise money to hire consultants to develop the District's own treatment plant proposal. Mr. Brown also reminded the Board that the Dunlap proposal was still pending. Finally, Mr. Brown informed the District of his response to Mr. Kolnik's request for copies.

Regarding new business, Mr. Brown advised the District that dissolution of the District pursuant to Mont. Code Ann. § 7-13-2351 would require the approval of the Gallatin County Commissioners. Mr. Brown told the Board that it was his understanding from his conversations with County's private counsel, Holly Brown, that, at least at this point, it would be unlikely that the Commissioners would approve dissolution of the District. With

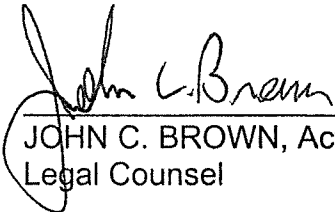
regard to the District's ability to suspend operations, Mr. Brown advised the Board that as long as the District complied with its statutory duties, it could "suspend" operations.

With regard to the Petition for Annexation filed by Lonnie Walker, Mr. Brown stated that the District must follow the statutory procedure set forth at Mont. Code Ann. § 7-13-2341(1) through (4). Mr. Brown further advised the Board that the expedited annexation procedure set forth at Mont. Code Ann. § 7-13-2341(5) referenced in the Memorandum of Understanding was not available to the District because the District does not have excess capacity. The Board instructed Mr. Brown to proceed with the preparation of a draft ordinance relating to the annexation of not only Mr. Walker's real property but also the real property owned by those persons listed in Mr. Wittich's July 30, 2003 letter to Mr. Brown.

The Board decided that the next Board meeting would be held at 5:00 p.m. at Zoot Enterprises on August 25, 2003. Mr. Brown was instructed to prepare an Agenda for the meeting.

The meeting was then adjourned at 6:45 p.m.

DATED August 4, 2003.



JOHN C. BROWN, Acting Secretary and
Legal Counsel