

**FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
MINUTES FOR
October 13, 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, Trina Kallenbach and Dennis Simpson. Board member Duane Sands was not present, having submitted his resignation. The four 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 5:08 p.m.

By unanimous vote the Board approved the draft minutes for the August 25, 2003 Board Meeting.

Public input was heard on non-agenda items.

For the first item of old business, Holly Brown, the attorney representing Gallatin County, reported on the status of the two law suits filed challenging the existence of the District. Ms. Brown reported that both cases are stayed pending the plaintiffs' appeal to the Montana Supreme Court in Cause No. 03-347. Ms. Brown also stated that the Gallatin County Commissioners had declined to act on the plaintiffs' settlement proposal contained in Mr. Wittich's July 30, 2003 letter because the Commissioners felt that it was not their position to dictate to the District which property should be annexed into the District or who should serve as District directors.

Regarding other old business, Mr. Brown reported that the 22 individuals who had petitioned to be annexed into the District though Mr. Wittich's October 8, 2003 letter had withdrawn their request for annexation. Eleven other property owners had applied for annexation. Director Hulme volunteered to review the maps and determine whether those 11 property owners are still qualified for annexation given the withdrawal of the other 22 annexation requests.

The Board next agreed to table the issue as to whether it would accept Mr. Brown's counsel that a special election is required for annexation pursuant to Mont. Code Ann. § 7-13-2341.

The first item of new business was a presentation by Barb Campbell on the proposal by Utility Solutions, LLC to create a public/private partnership between the District and Utility Solutions to provide water and sewer service to the District.

The Board voted unanimously to adopt a Resolution of Intent to enter into a contract with Utility Solutions. The Resolution is non-binding and the District may elect not to enter into a contract with Utility Solutions if the District is unable to negotiate acceptable terms. Utility Solutions will provide the Board with specific numbers regarding the costs related to

the proposal at the next Board meeting.

In addition to the Utility Solutions proposal, the Board agreed to evaluate Mr. Dunlop's proposal, previously tabled, regarding water and sewer service. The Board also decided to contact Morrison Maierle to determine the feasibility of the District building its own system.

For the next item of new business, Mr. Wittich discussed his clients' demand regarding the resignation of one or more of the Board's current directors. It is Mr. Wittich's opinion that the Board as it is currently made up is not a public interest board, but is a private interest board.

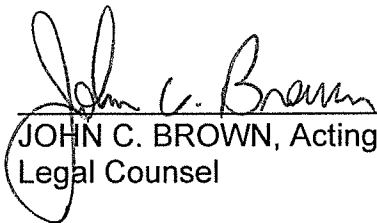
In response to Mr. Wittich's question, Mr. Brown advised him that the District has signed Bylaws which provide that a quorum of the Board is a majority of the total number of the Board. Ultimately, the Board declined Mr. Wittich's demand that one or more of the current Board members resign. Mr. Brown was instructed to research the legal effectiveness of Director Sand's letter of resignation.

The Board then revived the tabled Motion regarding whether the District would accept Mr. Brown's counsel that an election is required to annex additional properties into the District pursuant to Mont. Code Ann. § 7-13-2341. Director Simpson moved that the Board follow Mr. Brown's advice. The Motion was seconded by John Hulme. The Motion passed with Directors Simpson, Hulme and Kallenbach voting for the Motion, and Board President Chris Nelson voting against the Motion.

The next meeting was scheduled for 5:00 p.m. on November 3, 2003. Director Nelson requested that Zoot's proposal for conveyance of the wells and public water system be placed on the Agenda for that meeting.

The meeting was then adjourned at approximately 6:52 p.m.

DATED October 13, 2003.



JOHN C. BROWN, Acting Secretary and
Legal Counsel