

Four Corners County Water & Sewer District
Minutes for July 1, 2004 Board Meeting

The meeting was held at the Gallatin Gateway Community Center located on Mill Street in Gallatin Gateway, Montana. Present at the meeting were Board members, Chris Nelson, John Hulme, Dennis Simpson, and Duane Sands. 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. Also present was Sandy Murphy, legal assistant with the law firm of Cok Wheat Brown & McGarry, PLLP, who took notes to assist Mr. Brown.

The meeting was called to order by President, Christ Nelson, at approximately 5:30 p.m.

By unanimous vote, the Board approved the draft Minutes for the November 20, 2003 Board meeting.

Public comment was then heard on the proposed Utility Solutions agreement as follows:

- **Teresa Kolnick** listed a series of documents, reading their titles and summarizing what each of document contained. The documents included correspondence between various individuals, water rights information, the last information on file with the DNRC, Utility Solutions documents received by the Montana Department of Environmental Quality, a bid form received 6/10/2004 by DEQ. Ms. Kolnick stated that her purpose was to present facts and the information was to be considered for general educational purposes.
- **Clinton Cain.** Spoke about a letter dated June 22 or 23 to Utility Solutions and his objections. Mr. Cain wanted to know how the water and sewer district could benefit all people. Mr. Cain complained that when Morrison Maiery were setting up mixing zones all around his property on three sizes they never contacted him. Mr. Cain's wells were drilled in 1995 and 1986. Mr. Cain stated that his choices are to sell his wells to the District or he can sue, and that his family has been in the Four Corners area for five generations since 1850. Mr. Cain wants the Board to be honest and up front. Mr. Cain wants to meet with Barb Campbell and Dennis Simpson.
- **Lonnie Walker.** Talked about the diverse group of people in Four Corners. Stated that lots of people want to see a water and sewer district in the community. He wants to see how it can be accomplished most economically. The area needs water and sewer service. Would like a discussion about costs and profitability. Anyone is welcome to copies of estimates which were done on 5/07/04.
- **John Brown (District Legal Counsel).** Commented on Art Wittich's clients, the number of Wittich clients who withdrew their applications to be annexed into the District, leaving only 6 people who wanted to be annexed into the District.

- **Lonnie Walker.** Conditionally approved annexation after the Utility Solutions Agreement is resolved. Stated that the six remaining may or may not want to be annexed.

- **Jimmy Lohmeier.** If the Board only meets two times a year nothing much can get done. His organization will have water and sewer service in competition with the District. Commented about the amount of time spent fighting whoever wants into the District. Stated that the new District would be open and available to everyone and would surround the Four Corners County Water and Sewer District. Told the Board that it should entertain more ideas than just the Utility Solutions proposal. If the Board doesn't consider all ideas it will hurt the community. For example, Montana Power Company's natural resources were sold to out-of-state companies. Could the same happen here. The District needs a 50-year plan. There is currently no room for expanding the District's facilities. 16 acres on railroad tracks doesn't seem to be enough. Asked the Board to send copies to interested parties ASAP. The community doesn't need to fight. The District and the community should work together to benefit everyone. Everyone wants water and sewer service in Four Corners.

- **George Metcalf.** Lives in Middle Creek #3. Asked how many members are in the District now. Answer: 11 people are members. No one has been annexed in as of now. Eleven people out of the total population of 1,800. Mr. Metcalf said that he has applied to become a member of the Board but never received a response. Started quoting from a publication entitled "Guide to Water & Sewer Districts in Montana" copyright 1987 by the Heckathorn law firm in Kalispell, Montana. Mentioned a Doubletree publication. Stated that no alternatives were examined. Concerned about taking and disposing of water at, in or near the flood plain. Wanted to know what about resources beyond the floodplain.

Stated that the Board hasn't looked at other environmental issues. What will happen to the Gallatin River when the water has been drawn down by the Sewer District? The District needs to weigh what is good and not good for the community. Midwest Assistance Group offered to put on a town meeting to discuss issues. No response from District?

Mentioned that the Board hasn't met since November, 2003. Objects to the wording of the agenda. Use "consideration" instead of as worded. Ended up citing Montana Open Meeting Law and continued that there were better ways to do things, everyone has to get beyond lack of trust and self-interest.

- **Clinton Cain.** Why didn't the organizers of the Four Corners County Water & Sewer District try to create an RID? The RID could have included everyone, not just the current board members. The Board has to look down the road 20 years to the possibility of including the whole end of the valley.

- **Chris Nelson.** Talked about the large outlay of capital requires to set up the water and sewer district facility. He didn't know if the people in Four Corners wanted their taxes increased.

- **Clinton Cain.** The Four Corners Advisory Board proposed an RID from North of Gallatin Gateway to Belgrade which would pick up the suburbs along the way. People can't keep building big houses with septic & drainfields or groundwater will be polluted. Seems to him that a few people own the District, specifically the Board members, so who will set the rates. The PSC has no control over the District. We are at an impasse. Other options haven't been considered. Land is at a premium. In 20 years the population will fill the valley. The District needs to look ahead.

After the public comment ended, the Board addressed items of new business. Mr. Brown advised the Board that prior to the final vote on the Utility Solutions contract, each member of the Board must set down in writing any relationship they may have with Barb Campbell, Valkyrie, LLC, Utility Solutions, LLC, or any other entity in which Ms. Campbell is a principal. The disclosure and existence of conflicts will not prevent Board members from voting on the contract. Each Director's disclosure will be part of the District records which are public records as required by Montana Code Annotated. The Board agreed to provide their written disclosures to Mr. Brown prior to the final vote.

The Board then discussed the issue of Board integrity. Mr. Nelson moved that the District and its directors comply with State law to preserve the integrity of the District. The Motion passed by unanimous vote.

Regarding the creation of a new Four Corners County Water and Sewer District, Director Hulme moved that Mr. Brown write a letter to the Gallatin County Commissioners on behalf of the District opposing the creation of a new District.

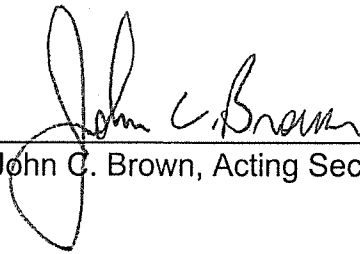
Regarding the petition for the creation of a groundwater control area, Director Hulme moved that Mr. Brown be authorized to notify any relevant public entities that the Board is opposed to the creation of a groundwater control area. The Motion was seconded by Director Simpson and passed unanimously.

The Board then authorized Mr. Brown to proceed with the preparation of an ordinance for assessments to generate cash flow so that the District may pay its obligations. Director Hulme agreed to speak with District members to get feedback on how much they would be willing to pay as a special assessment.

The Board then addressed old business. The Board discussed the proposed Utility Solutions Agreement. The Board directed its sub-committee (Director Nelson and Director Hulme), to proceed with negotiations and review of the proposed Agreement after considering the public comment. Director Nelson then moved to table consideration of the proposed Agreement until the Board's next meeting. The Motion passed unanimously.

The Board then directed Mr. Brown to make sure that the language in future Agendas is more "neutral". The Board discussed future meeting dates but no specific meeting date was set. The meeting was adjourned at approximately 6:50 p.m.

DATED July 1, 2004.



John C. Brown, Acting Secretary