

**FOUR CORNERS COUNTY WATER AND SEWER DISTRICT
MINUTES FOR
November 3, 2004 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 Dennis Simpson. 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 5:37 p.m.

By unanimous vote the Board approved the draft minutes for the July 1, 2004 Board Meeting.

Mr. Brown reported to the Board on the status of the two consolidated law suits against Gallatin County challenging the existence of the District. These actions are Cause No. 03-38 and Cause No. 03-293. Mr. Brown reported that District Judge Mike Salvagni has dismissed both actions on the grounds that the plaintiffs lack standing. The plaintiffs in these actions have appealed Judge Salvagni's dismissal of their cases to the Montana Supreme Court.

Regarding the Petition to create a new water and sewer district at Four Corners, Mr. Brown reported that the Petition was denied by the Gallatin County Commissioners.

Moving to old business, Mr. Brown reminded the Directors that each Director disclose any conflicts in writing before the final vote on the Utility Solutions Agreement.

Director John Hulme then moved the Board to adopt a Resolution whereby the Board approves in principle the Agreement proposed by Utility Solutions, LLC for the provision of water and sewer service to the District and whereby the Board further authorizes the sub-committee (Director Hulme and Director Nelson), with the assistance of legal counsel, to negotiate the final terms of the Agreement for review and approval by the Board at its next Board meeting. The Motion passed unanimously.

The next topic of discussion was the purchase of the Zoot wells by the District pursuant to the Option previously offered by Zoot. Given his conflict as the Zoot CEO, Director Chris Nelson did not participate in the conversation. The Board authorized Mr. Brown to investigate whether the District can obtain acceptable financing to purchase the wells for the amount stated by Zoot in the option. The Board further reiterated that purchase of the wells must be contingent upon Zoot obtaining DNRC approval for the wells.

The Board then discussed the Controlled Groundwater Area Petition currently before the DNRC. The Board reiterated that Mr. Brown is authorized to oppose the creation of the controlled groundwater area on behalf of the District.

Next, the Board discussed a plan to raise \$60,000.00 through an assessment by ordinance. Mr. Brown was directed to proceed with the preparation of such an ordinance.

The Directors discussed the directors' terms. Directors Hulme, Simpson and Sands each have four year terms. Directors Nelson and Kallenbach have two year terms. The two year terms of Directors Nelson and Kallenbach will expire in November, 2005, which is the "November of the next odd numbered year following the formation of the District" as per Section 7-13-2234(5) of the Montana Code Annotated. Director Nelson then submitted his resignation as Chairman of the Board which was approved by the Board. Director John Hulme was appointed by the Board to replace Director Nelson as Chairman of the Board. Director Simpson was appointed to replace Director Nelson as a member of the subcommittee reviewing the proposed Water and Sewer Services Agreement with Utility Solutions.

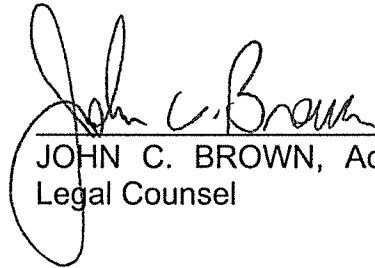
The Board then directed Mr. Brown to inquire into the possibility of acquiring Directors and Officers insurance through the Montana Association of Counties or any other insurer.

The Board then granted preliminary approval for the annexation of Richard Smith's real property. If the District is able to execute a Water and Sewer Services Agreement with Utility Solutions, Mr. Smith, along with applicants, Hinkley, R. J. Cain, Louella Cain, Cvasnick, Hathaway and Walker, will have the right to request final approval if they are still interested in annexing into the District.

The Board tentatively scheduled its next Board meeting for December 8, 2004.

The meeting was then adjourned at approximately 6:30 p.m.

DATED November 3, 2004.



JOHN C. BROWN, Acting Secretary and
Legal Counsel