

FOUR CORNERS COUNTY WATER AND SEWER DISTRICT MINUTES
Board Meeting January 3, 2007

1. Call to Order: A quorum being present, the meeting was called to order at 7:42 p.m. in the library of the Monforton Elementary School, 6001 Monforton School Road, Bozeman, Montana

Present: John Hulme, Richard Smith (telephonically), and Don McHenry

Also present: Susan Swimley, attorney for the District, Ron Edwards, District Consultant

Public: John Close, Les McCartney, Susie White and Kathy Fisher

2. Approval of Minutes: Richard Smith moved approval of minutes from the December 6, 2006 and December 7, 2006 meeting. Don McHenry seconded the motion. Motion passed unanimously.

3. Old Business:

- a. Amendments to Rules and Regulations (rates and charges) Utility Solutions Contract for various service areas and report of ad hoc finance committee. –

No report

- b. Annual Report – (presented by Richard Smith and Ron Edwards)

Richard and Ron interviewed the applicants for the audit. They recommended the Board contract with Turner & Holmes as they currently audit a number of county water and sewer districts so they have an efficient system for this type of work and appear to be less expense. The Board approved contracting with Holmes & Turner for the audit service for three (3) years.

Richard requested the Board act on obtaining a bookkeeper, establishing a post office box and establishing a separate account to receive tax monies at the existing bank. Holmes & Turner recommended a bookkeeper, who has been contacted but has not responded to inform the District that she has time to do the District's bookkeeping. AZ indicated that it could provide the bookkeeping services, if it was not awarded the audit contract. The location of the post office box would be established near where the bookkeeper is located. Five (5) requests for proposals were sent out to various accounting firms.

Richard moved to authorize Richard and Ron to proceed with hiring a bookkeeper, establishing a post office box and establishing a separate tax account. John seconded the motion. Motion passed unanimously.

- c. Petitions for Annexation:
 - a. Gallatin Heights
 - b. APK (Buckland Siding)
 - c. Black Bull Run
 - d. Middle Creek Parklands (Flikkema)

No report.

- d. Litigation Update: (Susan Swimley presented)

Faust and McManus v. Four Corners County Water and Sewer District and Utility Solutions, has been appealed to the Montana Supreme Court.

The District Court dismissed Lohmeier v. Four Corners County Water and Sewer District finding Lohmeier did not have standing to bring the suit. The District will proceed with collecting attorney's fees in this matter.

- e. Engineering review of US (service areas and annexations) / HDR (Ron Edwards presented)

HDR was notified to the Board's previous authorization. No meeting occurred with Morrison-Maierle as of this date.

- f. Discussion of allowing irrigation wells within District (Area 2). Topic delayed as no meeting with US has occurred yet.

4. New Business

- a. Discussion of allowing irrigation wells within the District (Service Area 2). (stricken as was old business – agenda contained typographical error.)
- b. Other matters to be placed on future agendas. Richard asked that the Board review the bylaws and determine necessity of elections and the feasibility of establishing certain offices to that each administrative act (such as establishing a post office box) does not require board action and the resulting delays.

5. Public Participation:

Kathy Fisher express she was glad to know what is going on. \

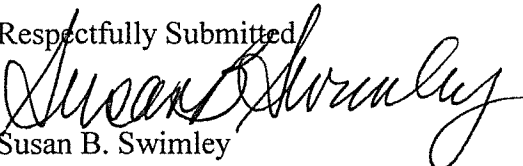
Susie White had a number of questions to clarify the tax assessment on her property. Ron Edwards explained that because right now there are no

users to spread the District's expense among, the only way for the District to meet its obligations is the tax on the properties. Susan explained that, in addition to the administrative expenses and legal fees, the District is obligated to make the payments consistent with the contract between the District and US.

The discussion included the costs of tax, possible fees in the future and the existence of hook up fees. Ms. White had additional questions about the square foot assessments for different commercial lots. Ron Edwards explained that some of the disparity in the assessment amounts is due to the date of final plat as some lots were taxed for more than one calendar year and some lots were taxed for less than one calendar year. Ms. White will contact Ron so he can provide her the spreadsheet that included the number of taxable days.

6. Board Issues: (matter not discussed as the telephonic connection with Richard Smith terminated and there was no quorum)
7. Adjourn Meeting Meeting adjourned at 8:12 p.m.

Respectfully Submitted



Susan B. Swimley
acting secretary and legal counsel