

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES

June 6, 2007

1. Call to Order

There being a quorum present, President John Hulme called the meeting to order at 6:35 p.m. in the library of the Monforton Elementary School, 6001 Monforton School Road, Bozeman, Montana.

Present: John Hulme, Don McHenry, Mike Pearson, and Ben Zavora

Also present: Susan Swimley, attorney for the District; Wendy Heibert, bookkeeper for District

Public: John Close, Kris Vandersloot, Ron Edwards

2. Approval of Minutes for April 4, 2007 and May 2, 2007 meetings.

MOTION: President Hulme moved, Mr. Zavora seconded, to approve the minutes of April 4, 2007 and May 2, 2007 as presented. The motion carried 4-0.

3. Consideration of Financial Reports

- a. update on financial policies.

Ms. Hiebert passed out the financial reports. Ms. Swimley asked for clarification of the presented financial reports. Ms. Hiebert directed the Board's attention to the profits and loss sheet; adding that it would be difficult to compare amounts at this time as there was no historical data to compare to.

Item 3a was continued to the next District meeting.

- b. proposed Policy for Levying Taxes in the District for approval.

Ms. Hiebert suggested there should be a motion to approve the audited financial reports but they had not been put together as of yet. She added that the Board should review and formally approve check numbers. President Hulme suggested Ms. Hiebert e-mail them to him for approval to avoid lengthening the monthly District meetings. Ms. Hiebert concurred; adding that she would send them to the recording secretary to send via e-mail with the minutes and agenda for the next District meeting. Ms. Hiebert proposed a tax be assessed for each individual property within the District at a consistent rate which would be based on the annual budget and the type of development on the lot (such as: residential single, two, or multi-household; commercial; acreage; etc.). Mr. Zavora asked how the proposed taxation would work. Ms. Hiebert presented a map she had obtained from Gallatin County of District boundaries that included parcels tax I.D. numbers and explained the method of taxation. Mr. Zavora asked if taxes would be reduced in some locations within the District. Ms. Hiebert responded that it would be possible for some of

the properties taxes to be reduced. She described the amounts of money necessary for operation of the Board and District (bookkeeper, auditor, elections, miscellaneous, etc); adding that there had been money set aside for the future purchase of Utility Solutions. Mr. Zavora noted that the proposed tax increase would be 40% above last year. Ms. Hiebert stressed that the budget was being proposed and only the policies would need to be voted on. President Hulme suggested Vice President Smith and Utility Solutions review the proposed policies before a vote was taken. Ms. Vandersloot noted that the levy amounts and tax districts were not so simple; adding that even residential lots were charged differently. Ms. Hiebert suggested the taxes should be separate from the number of E.D.U.'s. Mr. Edwards explained the rates that were based on the number of E.D.U.'s; citing the agreement between Utility Solutions and the District. Ms. Hiebert responded the rate multipliers were inconsistent on residential lots. President Hulme stated the proposed policy was inaccurate, it would need to be discussed further, and the Board would take the proposal into consideration. Mr. Close added that the billing had been consistent last year, but there were differences based on the capital costs to service those areas; adding that the rate per E.D.U. was \$459.00. Ms. Swimley added that the policy would be in place to maintain consistency in the monthly billing. Mr. Edwards suggested shifting the amount of the fees to lessen the amount of the increases. Ms. Swimley added that no one south of the Huffine Lane had been taxed last year. Ms. Hiebert presented the District boundary map noting that some properties had been included in the District that should not have been. President Hulme and Ms. Vandersloot concurred that the map should be corrected. Ms. Swimley responded it could not be corrected until all the District's resolutions had been located and submitted to the Gallatin County Clerk and Recorder's Office. Mr. Edwards suggested the rate be based on the number of E.D.U.'s sold to the lot; adding that he would return to the Board with a recommendation. He cited the legal requirements for changing rates in the District.

Item 3b was continued to the next District meeting.

- c. proposed Policy for Meters on Lots in the District for approval.

Ms. Hiebert suggested one meter be issued per unit. Mr. Edwards stated that separate meters were given to individual units in Big Sky with the exception of large hotels or those who could provide good cause (a variance) for not requiring multiple meters. He recommended each tax I.D. number could be associated to a meter as condominium units were given separate parcel numbers. President Hulme responded that the proposed meter policy would need to be discussed with Utility Solutions before it was voted on and approved. Ms. Swimley cited an e-mail from Barb Campbell regarding the splitting of lines to provide for multiple meters and the difficulty in collecting funds for non-payment.

Item 3c was continued to the next District meeting.

- d. proposed Budget for Fiscal Year 2007-2008 for approval.

Ms. Hiebert stated she had discussed the budget earlier in the meeting and suggested the

Board would need to review and finalize a budget for next year.

Item 3d was continued to the next District meeting.

- e. auditor Recommendations for review and approval by the Board.

Ms. Hiebert stated there was no auditor information at this time, but noted that the law required the District be audited at the end of the year.

Item 3e was continued to the next District meeting.

4. Old Business

- a. Update to petitions for Annexation:
 - i. Gallatin Heights
 - ii. APK (Buckland Siding)
 - iii. Black Bull Run
 - iv. Middle Creek Parklands (Flikkema)

Ms. Swimley stated there were no updates at this time.

Items 4a i-iv were continued to the next District meeting.

- b. Litigation Update/ legislative update

Ms. Swimley discussed the subpoenas each member of the Water/Sewer District Board had received; adding that each would have a separate issue to address. She stated she would answer any questions the Board might have and added that she would be willing recommend private attorneys at the expense of the District. She stated that she had asked for, and been granted, an extension for the Board's responses to the subpoenas. President Hulme noted that the hassle of the subpoenas were investments of District funds and Board member time; suggesting punitive damages be sought even though the District had declined filing counter claims before. Ms. Swimley responded she would investigate a punitive damage suit.

MOTION: President Hulme moved, Mr. McHenry seconded to have Ms. Swimley investigate the likelihood of issuing an announcement of possible litigation due to harassment of individual Board members. The motion carried 4-0.

Ms. Swimley noted the case with Faust was in Supreme Court and had not yet been decided.

Item 4b was continued to the next District meeting.

- c. Discussion, consideration and possible action on insurance for the Board

Mr. McHenry stated that Montana Association of Counties had been contacted with

regard to insurance, but had not yet responded.

Item 4c was continued to the next District meeting.

- d. Consideration of Horus Brailsford request for sewer only in Service Area 3

President Hulme stated the Mr. Brailsford,s request had been considered at an earlier meeting. Mr. Pearson asked what the Board had decided in the April meeting. Ms. Swimley responded that the Board's decision had required Mr. Brailsford to return to the Board with a Will Serve letter from Utility Solutions. She stated that it appeared that Utility Solutions had agreed to provide him with service, but had not initiated service at that time.

Item 4d was continued to the next District meeting.

- e. Presentation of draft privacy policy for District consumers

There was no draft privacy policy for the District to review at this time.

Item 4e was continued to the next District meeting.

- f. Amendment to Rules and Regulations (rates and charges), Utility Solution Contract for various service areas, report of ad hoc financial committee
 - a. Contract negotiations for modification of US Contract for additional service areas and proposed annexation of property
 - b. Contract discussion and negotiation, possible modification regarding lots in Gallactic Park

Items 4f a-b were continued to the next District meeting.

5. New Business

- a. Discussion about pursuing purchase of Garden Center well(s) – Ron Edwards

Mr. Edwards stated that procurement of the Garden Center wells was in the works, adding that Utility Solutions would acquire title to the lot and tract in exchange for water/sewer services. Ms. Vandersloot added that Garden Center Subdivision had to go through Department of Environmental Quality review and approval before services could be provided to the site as the subdivision approval would need to be amended to exclude those wells. Mr. Edwards stated he would update the Board if any action were taken.

- b. Other matters to be placed on Future agendas

There were not other items to be placed on future agendas at this time.

6. Public Participation on Non-Agenda Items: The opportunity for members of the public to comment on District matters which are not on the agenda. Time limits may be imposed at the discretion of the President.

There was no public comment forthcoming.

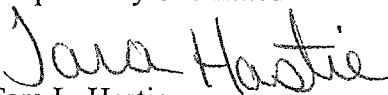
7. Board Member Issues

Ms. Swimley stated the Clerk and Recorder would be contacting the Board regarding petitions for elections (held the first week of November) of the Board President. She added that if no one petitioned, the Board could elect their own members.

8. Adjourn Meeting

The Four Corners Water/Sewer District meeting of June 6, 2007 was adjourned at 7:57 p.m.

Respectfully Submitted



Tara L. Hastie
Recording Secretary