

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
August 1, 2007

*minutes assigned
to wife of Richard
Smith as
treasurer
8/5/07*

1. Call to Order

There being a quorum present, President John Hulme called the meeting to order at 6:42 p.m. in the 5th grade classroom of the Monforton Elementary School, 6001 Monforton School Road, Bozeman, Montana.

Present: John Hulme, Richard Smith, Mike Pearson, and Ben Zavora

Also present: Wendy Heibert - bookkeeper for District, Susan Swimley - Attorney for District

Public: John Close

2. Approval of Minutes for July 5, 2007 meeting.

MOTION: Vice President Smith moved, Mr. Pearson seconded, to approve the minutes of June 6, 2007 as presented. The motion carried 4-0.

3. Consideration of Financial Reports
a. update on financial policies.

Ms. Heibert asked the Board if they had received the financial reports that the secretary for the District had provided via e-mail. The Board concurred that they had received the reports, but had not had time to review them.

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

Mr. Zavora explained the last meeting's rates discussion and that there were three options available to the Board for levying taxes (E.D.U.'s, taxable value, and acreage). He stated the Board members present at the last meeting had decided that a square footage charge would be most fair and added that there would need to be more money provided in next year's budget. He stated charging by square footage would provide the most balance between residential and commercial lots and the addition of a meter to the lot would increase the charge due to the amount of usage. Vice President Smith stated the proposed policy would contradict the contract between owners and Utility Solutions. Ms. Heibert stated the District and Utility Solutions were separate entities and the taxing would pay for upkeep of the District. Vice President Smith added that people might get a better deal if they dealt directly with Utility Solutions. He suggested there may be another method of collection than taxing. Mr. Zavora suggested that Mr. Edwards had indicated a whole new method of collection, other than taxation, but he was unsure of the details and Mr. Edwards would need to present that option. Ms. Swimley stated the County tax deadline would need to be met so the Board would need to vote on an ordinance. Ms. Heibert stated that a little money had been set aside yearly to provide for the purchase of Utility

Solutions. Vice President Smith suggested it was premature to put away money for that purchase. The Board discussed providing a motion to approve a method of taxation for the District.

MOTION: Mr. Zavora moved, Vice President Smith seconded, to initiate a \$.059 tax per square foot to members of the Four Corners Water/Sewer District and to amend the proposed ordinance to include that Four Corners Water/Sewer District members would be taxed \$.059 per square foot. The motion carried 4-0.

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

Mr. Close suggested the Board pass a resolution or ordinance to provide for the policy of having separate curb stops.

MOTION: President Hulme moved, Vice President Smith seconded, to have Ms. Swimley draft an ordinance for review and approval to provide for separate curb stops. The motion carried 4-0.

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

Item 3d was continued to the next District meeting.

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

MOTION: Vice President Smith moved, Mr. Pearson seconded, to approve the proposed auditor recommendations. The motion carried 4-0.

- f. approval of Financial Reports

Item 3f 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)

President Hulme stated that Black Bull Run had gotten Final Plat approval from Gallatin County and both Middle Creek Parklands and Black Bull Run had water service. Ms. Swimley stated the annexations into the District would be noncontiguous and would require her prepared ordinance, the petitions she had brought, and exhibits. She stated if the first reading of the ordinance were done at the meeting, the next meeting would need to be scheduled for August 15, 2007 with an election in October. President Hulme asked if the second required meeting could be conducted via conference call. Ms. Swimley responded it could. Vice President Smith suggested the date of the second meeting be

arranged quickly. President Hulme asked Ms. Swimley to arrange the second reading for a special meeting of the District on August 15, 2007 and to provide the first reading of the ordinance immediately. Ms. Swimley responded she would arrange the second reading of the ordinance and clarified that after the second reading there would need to be an election in the District due to the properties being non-contiguous.

MOTION: Vice President Smith moved, Mr. Zavora seconded, to approve ordinance #2007-3 as presented by Ms. Swimley. All Board members and the recording secretary witnessed and signed the ordinance as presented.

b. Litigation Update

Ms. Swimley stated that she had provided the attorney for Mr. Lohmeier with public record information and he still wanted the Board to be deposed. She stated she could not imagine a scenario where the Board's private capacities would be in question. She stated that anything the Board had done with the contract between the Board and Utility Solutions had been done by the Four Corners Water/Sewer District Board and would merit expulsory evidence.

President Hulme requested Ms. Swimley explain the litigation initiated by Attorney Faust that would be before Judge McCarter. Ms. Swimley explained the proceedings. Vice President Smith asked if there had been an attempt at mediation. President Hulme responded that nothing had come of the mediation attempts. Mr. Zavora added that the litigation had been an attempt to take away existing water right.

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

Item 4c was continued to the next District meeting.

d. Presentation of draft privacy policy for District consumers

Item 4d was continued to the next District meeting.

- e. 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

Mr. Close stated that the contract between Utility Solutions and the District was currently being worked on and had not been finalized as of yet. Vice President Smith explained the purpose of the contract.

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

5. New Business

- a. Policies for Levying Taxes and Meters
- b. Other matters to be placed on Future agendas

Mr. Zavora stated he was involved in getting a template to provide for separate irrigation systems with a meter pit and curb stop. He stated it would be a frost-free system. Mr. Close responded that the curb stops were being installed and the meter would be installed in the crawlspace. He suggested that people have two options on how their property would be metered. Vice President Smith added that each service having a separate curb stop would be the best approach for irrigation charges. He suggested Mr. Close and Mr. Zavora discuss the amendment to the rules and regulations with Utility Solutions. Ms. Swimley suggested the next agenda contain an item for discussion of the amendment to rules and regulations with regard to separation of landscape irrigation meter wells and curb stops in Service Area 2 to provide a motion of approval.

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.

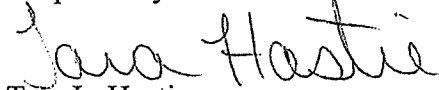
7. Board Member Issues

Mr. Hulme stated he would be retiring from the Board and asked Ms. Swimley what procedures he would need to observe. Ms. Swimley responded that anyone in the District could file a petition with the Election Department to be a member of the Board; adding that if two people petitioned, they would both be on the Board; if three petitioned, there would be an election. She stated that if no one petitioned to be on the Board, the Board could fill their own vacancies. She noted that vacancies could be publicly noticed in the newspaper. The Board concurred to notice the vacancies.

8. Adjourn Meeting

The Four Corners Water/Sewer District meeting of August 1, 2007 was adjourned at 7:50 p.m.

Respectfully Submitted



Tara L. Hastie

Recording Secretary