

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
April 2, 2008

1. Call to Order

There being a quorum present, President Pearson called the meeting to order at 6:30 p.m. in the music room of the Monforton Elementary School, 6001 Monforton School Road, Bozeman, Montana.

Present: Mike Pearson, Ben Zavora, Don McHenry, and Edward Schmidt

Also present: Wendy Heibert - bookkeeper for District

Public: Tony Kolnik, Heidi LeDain, Steve Osmond, and Ron Edwards

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.

Item 6 was moved to the beginning of the agenda to accommodate the time constraints of Mr. Tony Kolnik. Mr. Kolnik stated he understood the information he had read regarding annexation and he was still unsure as to the cost of services from Utility Solutions. He stated he did not know what capacity would be available for his property and Rainbow Subdivision. He noted he would have to spend the cost to achieve more capacity to provide service to his property. Vice President Zavora responded that Mr. Kolnik could ask Utility Solutions the capacity. Mr. Kolnik noted there were different rates for different structures and he was unsure how he wanted to develop his property; adding he would provide Ms. Swimley with further information. Vice President Zavora responded the service contract for the area south of the road was currently under negotiation; adding that after the service contract had been finalized, Mr. Kolnik could acquire service through the District. Ms. Heibert added that people were on meters south of the road but were not currently being charged taxes. Vice President Zavora suggested Mr. Kolnik confirm with Utility Solutions how the billing for that location was currently being done and how to acquire services to his property. Mr. Kolnik responded he had inquired and did not feel he needed an engineer to hook up to the services. Vice President Zavora responded that Mr. Kolnik would need to observe whatever procedures Utility Solutions required. Mr. Kolnik asked if the District was behind in payments to Utility Solutions. Vice President Zavora responded the current payment was being held in full by Gallatin County until the Zoot lawsuit had been resolved or the District's request for release of partial funds had been approved.

Steve Osmond stated he and his neighbor near the main lift station wanted to hook up to sewer service only. He asked he would go about applying for that service. Mr. Edwards responded there was nothing that precluded the use of one service only, but it would require that the District adopt specific language with that regard. Vice President Zavora

suggested the District base the rates for separate services on what Utility Solutions would be charging; adding the normal procedures for a petition for annexation into the District would begin the process. He suggested Mr. Osmond speak with Susan Swimley, Attorney for the District. He explained that annexations to the District would bring down the cost of individual taxes for properties within the District. Mr. Osmond asked if Utility Solutions was in charge of where the lines would need to be located for hook up. Vice President Zavora responded they would be.

2. Approval of Minutes for March 5, 2008 meeting.

MOTION: Vice President Zavora moved, Mr. Schmidt seconded, to approve the minutes of March 5, 2008 as presented. The motion carried 4-0.

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

Item 3a was continued until after the audit is completed.

b. Update on Audit for the District.

Item 3b was continued until after the audit is completed.

c. Approval of Financial Reports

MOTION: Mr. Schmidt moved, Vice President Zavora seconded, to approve the Financial Reports as presented. The motion carried 4-0.

4. Old Business
a. Litigation Update

Item 4a was continued to the next District meeting.

b. Update to petitions for Annexation:

Item 4b was continued to the next District meeting.

c. Approval of Annexations
1. Annexation of Buckland Siding

Item 4c1 was continued to the next District meeting.

2. Annexation of Gallatin Heights
i. 2nd reading of Four Corners County Water and Sewer District Ordinance #2008-01

MOTION: Mr. McHenry moved, President Pearson seconded, to approve the 2nd reading of Four Corners County Water and Sewer District Ordinance #2008-01. The motion carried 4-0.

3. Annexation of Black Bull Run

Item 4c3 had been completed and could be removed from the next meeting agenda.

4. Annexation of Middle Creek Parklands

Item 4c4 had been completed and could be removed from the next meeting agenda.

5. Annexation of Town Pump Property

- i. 1st reading of Four Corners County Water and Sewer District Ordinance #2008-02

President Pearson presented the first reading of Four Corners County Water and Sewer District Ordinance #2008-02.

MOTION: Vice President Zavora moved, Mr. Schmidt seconded, to approve the 2nd reading of Four Corners County Water and Sewer District Ordinance #2008-01. The motion carried 4-0.

- d. Consideration and possible passage of Policy for Meters on Lots in the District as approved.
 1. Approval of revised Ordinance for Metering of Condominium Lots within the District

Item 4d was continued to the next District meeting.

- e. Presentation of draft privacy policy for District consumers

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
 1. Discussion of draft of US Contract for additional service areas and proposed annexation of property.

Ms. Heibert stated the budget for the District did not favor Utility Solutions dictating the rates the should be charged by the District. She suggested the rates be charged based on usage per gallon. Mr. Edwards suggested the District did not have to accept the contract proposed by Utility Solutions. Ms. Heibert suggested the District acquire supporting documentation from Utility Solutions regarding their rate structure. Item 4f1 was continued to the next District meeting.

- i. 1st reading of US Contract for additional service areas and proposed annexation of property

Item 4f1i was continued to the next District meeting.

- g. Short-term service contract for sewer service only for Monforton School and Garden Center (including Taco Time) for approval / consideration of draft policy

Item 4g was continued to the next District meeting.

- h. Review and Consideration of policy change to allow water only or sewer only service of existing structures within the District.

Vice President Zavora suggested the District review a draft policy from Ms. Swimley that would include a variance request in the language for water or sewer service only. Mr. Edwards suggested the District would need to decide the rates for those services. Mr. Schmidt added that he and Mr. Edwards could discuss the pros and cons of water and sewer service only and address the rest of the Board via e-mail so the policy issues could be rolled into one ordinance that would include language to provide for variance requests. He stated he would discuss the issues with Ms. Swimley the next day; adding two Board members could work through the rest of the Districts comments in the future. Item 4h was continued to the next District meeting.

- i. Approval of Amendment to Rules and Regulations or policy change with regard to separation of landscape irrigation meter wells and curb stops in Service Area 2

Item 4i was continued to the next District meeting.

- j. Approval and reading of Resolution Clarifying District Boundaries

Mr. Edwards stated the exhibit, draft resolution, and map were completed.

5. New Business

Mr. McHenry stated grease had been messing up the Utility Solutions facility at Elk Grove and asked how the District would provide enforcement against people putting grease into the system. Mr. Edwards responded there would be penalty provisions in the contract; adding he would recommend the District request compliance in writing before penalties were assessed.

- a. Other matters to be placed on Future agendas

Mr. Edwards presented the agenda for the Gallatin County Commission meeting regarding the release of the District's funds being held in Escrow due to the Zoot lawsuit.

He noted the resolution Ms. Swimley had submitted to the Commission requesting the release of those operating funds had been adopted.

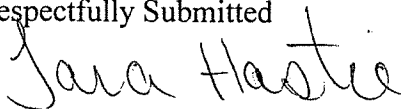
7. Board Member Issues

Mr. Edwards stated Utility Solutions had requested payment from the District. Vice President Zavora suggested the District would need to review the proposed contract with Utility Solutions.

8. Adjourn Meeting

There being no further business before the Board, the Four Corners Water/Sewer District meeting of March 5, 2008 was adjourned at 7:32 p.m.

Respectfully Submitted



Tara L. Hastie

Recording Secretary