

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
Wednesday, November 12, 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 Monforton School at 6001 Monforton School Road, Bozeman, Montana.

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

Also present: Susan Swimley, Attorney

Public: Trevor Campbell, Barbara Campbell, Heidi LeDain, Matt Williams, Ron Edwards and Matt Williams

2. Approval of Minutes for September 3, 2008 meetings.

MOTION: Vice President Zavora motioned, and Mr. McHenry seconded, to approve the minutes of October 1, 2008. The motion carried 4-0.

3. Consideration of Financial Reports

a. Approval of Financial Reports

Ms. Swimley noted that from the audit findings that better internal control on the board's checking account was one area for the board to focus on. The board discussed that the task of changing signers and consolidating accounts was a move in that direction.

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

b. Next Payment to Utility Solutions

Ms. Swimley recommended that the board determine the interest expenses that they will have with consideration of litigation expenses. Also, the outstanding bill from services previously received from Dorsey & Whitney total just over \$16,000. We will add an additional agenda item section c for next meeting to again address the 1/3 payment to Dorsey & Whitney.

MOTION: President Pearson motioned and Mr. Schmidt seconded to approve writing checks to Dorsey & Whitney for 1/3 of the outstanding bill and Utility Solutions for \$5,000. The motion carried 4-0.

4. Old Business

a. Litigation Update

1. Zoot

Ms. Swimley reported that Judge Salvagni ruled for Zoot and said that all taxes must be refunded with an addition of 10%, plus costs not including attorney fees, to accrue at 10% back from December 2007. The board discussed their meeting with Zoot that had occurred earlier in the day and that they would continue to discuss options for the district with regards to Zoot. A meeting would be set up with Ms. Ellingson of Dorsey & Whitney, and possibly Zoot again to work out any additional agreement. The district has thirty days to file to hold open an appeal option.

Ms. Campbell also shared information regarding other rulings in favor of US that had passed.

b. Approval of Annexations

1. Approval of Ordinance 2008-01 Annexation of Gallatin Heights

Agenda item completed and needs to be removed from the agenda.

2. Rasmussen Annexation

Ms. Swimley reported that research was still needed to determine if the property is contiguous and/or draft a service contract. Item to be discussed further at next meeting.

c. Petitions for Exclusion of Smith and Brailsford properties

Money was received to move forward on the process for exclusion to occur. A public hearing will occur at the December 3rd meeting. Ms. Swimley will post a notice for the hearing to proceed.

MOTION: Vice President Zavora motioned and Mr. McHenry seconded to accept the petition. The motion carried 4-0.

d. Amended and restated Water and Wastewater Service for the Four Corners County Water and Sewer District for the Contract with Utility Solutions, LLC. - update

Completed and will be removed from next agenda.

e. Discussion and decision on next actions – possible purchase of US assets via bond sale

Mr. Edwards presented a summary document on the HDR Agreement & Scope of Services dated November 12, 2008. He reviewed his comments and recommendations. The board agreed with his recommendation to request separating system costs, amendments to termination terms and a review of the cost to work at staying within the budget recommendations. The importance of having this agreement signed and work to move forward was stressed.

MOTION: Vice President Zavor motioned and Mr. Schmidt seconded authorization for the Chairman to sign the revised contract once Mr. Edwards had worked with HDR on the revisions. The motion carried 4-0.

Ms. Campbell commented that US had completed an O & M budget for 2010 to have available for the next meeting they would have with committee members on the following Monday. In the facility plan improvement needed for fall 2009 was included along with information on a contract that would need to be signed for work from Williams Service if the current bid price could be locked in. The importance of getting on the priority list for the State Revolving Fund Loan Program was discussed and it was noted that a letter requesting for the district to be added had been submitted months ago without a response as of yet. Funds from DEQ could not be allocated unless the district is included on this list. Mr. Edwards, Ms. Swimley and Ms. Campbell would all discuss and follow-up regarding checking into the status for the district to be on this list. For the next board meeting a discussion of the purchase of US will be added to the agenda. The board discussed meeting an additional time to cover specific issues related to the purchase.

MOTION: Mr. McHenry motioned and Mr. Schmidt seconded to have the board meet additionally the 3rd Wednesday of each month starting in January to discuss purchase items. The motion carried 4-0.

5. New Business

a. Election of officers

MOTION: Mr. McHenry motioned and Mr. Schmidt seconded to elect Mr. Zavora to the board President position and Mr. Pearson as Vice President for the next calendar year. The motion carried 4-0.

MOTION: Mr. McHenry motioned and Mr. Zavora seconded to elect Mr. Schmidt to the position of Treasurer for the board. The motion carried 4-0.

b. Discussion of collection of water/sewer fees not surrendered to the District or US

Properties in the north part of Rainbow subdivision owned by Rosa/Scott Johnson have been charged dues for water and sewer services during a time when no contract or charges were being applied to those units. A tenant from these units had called US to request information on what they were being charged. Ms. Campbell had spoken with and recommended that the Johnsons return the money to the tenants; she had been told that they were charging \$50/month even though costs were only \$38.50/month. Utility Solutions nor the district are able to accept any of these monies. The Johnsons had said to Ms. Campbell that they were going to follow this recommendation. The board requested that Ms. Swimley additionally compose a letter stating that the practice of upcharging on services was not legal and that the district had become aware of this occurring. This letter will be signed by the board President and sent.

- c. For next meetings agenda add in a discussion regarding a possible settlement with Lohmeier on the attorney's fees issue
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.

None.

7. Board Member Issues

None

8. Adjourn Meeting

There being no further business before the Board, the Four Corners Water/Sewer District meeting of November 12, 2008 was adjourned at 7:44 p.m.

Respectfully Submitted,

Heidi L. Le Dain, Recording Secretary

