

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
January 6, 2010

1. Call to Order

There being a quorum present, Vice President Pearson called the meeting to order at 6:35 pm, in the library of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Present: President Ben Zavora, Vice President Mike Pearson, Treasurer Ed Schmidt, Don McHenry and Nancy Flikkema

Public: Susan Swimley, Erin McHenry, Marty Gagnon, Ron Edwards and members of the public

2. Approval of Minutes from September December 2 and December 30, 2009 meetings.

MOTION: Ms. Flikkema made a motion, Vice President Pearson seconded, to approve the minutes from the December 2 and December 30, 2009 meeting. The motion carried 5-0.

3. Consideration of Financial Reports

None until next meeting

4. Business

a. Annexations

None. All on hold.

b. Discussion of due diligence/ Utility Solution purchase.

Mrs. Swimley stated the Board would need to review the obligations the district will be acquiring with the purchase.

Mrs. Swimley read to the Board the Belgrade News article dated January 5, 2010: "PSC warns 4Corners about rates". She called the chairman of the PSC and was then contacted by their lawyer. She explained the value based approach to the rate structure and asked for a retraction of comments made by the chairman.

The USDA/RD sent an email to Mrs. Swimley requesting more information. Mrs. Swimley stated the Board has all requested information. The only concern was raised by Mae Nan in regards to #23 possibly requesting an additional appraisal.

Mrs. Swimley wanted to address Marty Gagnon's letter in regards to EDUs. In the past the Board decided the problem with EDUs is the inability to change them once they are established. Ron Edwards added EDUs add considerable cost to the loan.

Mrs. Swimley wanted the Board to see the email from Mae Nan advising the board to postpone

the election. Mae Nan's is concerned with the comments made by the chairman of the PSC and the possibility of needing a second appraisal to get financing.

Mrs. Swimley stated the Board has obligation under the acquisition agreement and we are not currently at a contingency period that allows a calling off of the election. If we don't move forward we will be in breach of the acquisition agreement. She advised the Board it was her opinion they should proceed with the election.

Board Discussion:

President Zavora was reviewing the map and saw some single family homes whose rate would increase significantly. It may be difficult to explain the advantage of purchase to the public. Treasurer Schmidt thought we should present it to the public and let them decide as the PSC costs are still an unknown. One certainty is the district will increase in value over time thus reducing rate. The Board asked Mrs. Swimley if she would ask US if they would wait to see what happens with Elk Grove and PSC. She stated they have been very patient up to this point so she would be willing to ask. When asked by the Board, the public present stated they thought the board should move forward and just try to explain to the public the situation.

c. Discussion of uniform financing application- updates on SRF/RD

Mr. Gagnon stated he had not heard back from SRF as of yet. He wanted to know if the Board wanted him to go ahead with answering the request for information from USDA/RD. Mrs. Swimley advised the Board we may have to ask for an extension considering the volume of information they are requesting. The Board agreed we should start collecting the information.

d. Set dates for public meetings and outline public information for election.

Mrs. Swimley advised the Board they would need to set dates to move forward with the public hearing. It was agreed to have the first public hearing on January 27, 2010 at Monforton School. Ron Edwards stated he could put together a spread sheet the public could access via the website to see how proposed purchase effect their properties.

e. Discussion of out of District fire water supply.

Mr. Gagnon requested a decision from the Board in regards to out of District requests for access to water for fire suppression as he is getting more requests. Mrs. Swimley's view was that it is low risk to allow usage for fires but if they want to use the District's water why wouldn't they just annex to the District. The District could charge a fee and allow. Mr. Gagnon added Montana fire laws say if it is an emergency, and they need it, they can take it. For this reason the District may want to allow it for a fee. The Board concluded that they would like to wait until after the election to decide. If the purchase passes then the Board would move this to the top of the agenda.

5. 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.

John Close operates the system for Utility Solutions and wanted the Board to be aware of plant changes projected for this coming year. The plant will have to be expanded as it has reached capacity.

6. Board Member Issues

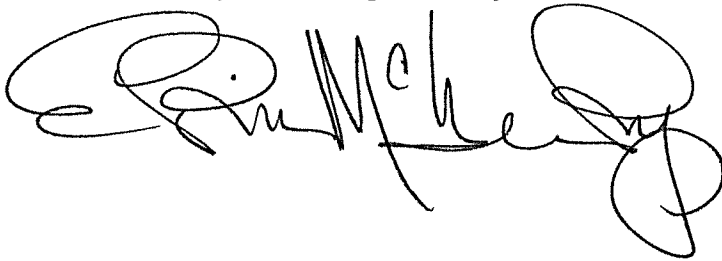
None

7. Adjourn Meeting

There being no further business before the Board, the Four Corners Water/Sewer District meeting of January 6, 2010 was adjourned at 8:05 p.m.

Respectfully Submitted,

Erin McHenry, Recording Secretary

A handwritten signature in black ink, appearing to read "Erin McHenry". The signature is stylized with large loops and a cursive script.