

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES  
January 27, 2010

1. Call to Order

There being a quorum present, Don McHenry called the meeting to order at 6:40 pm, in the gym of Monforton School at 6001 Monforton School Road, Bozeman, Montana.

Present: Don McHenry, Mike Pearson and Nancy Flikkema

Public: Marty Gagnon, Susan Swimley, Ron Edwards, Erin McHenry, and members of the public (refer to sign in) including representatives from Utility Solutions.

Don McHenry introduced the Board members and presented an overview of the meeting. He encouraged all public to contribute their ideas. He explained the reason for the meeting was to discuss the options for financing with the public. He explained there is not a less expensive option than purchasing system. He included if the district does not complete the purchase it will not be taken over by the state, instead ownership will remain with Utility Solutions.

Mr. McHenry then introduced Barb Campbell of US and asked her to introduce her team.

Mrs. Campbell introduced the employees of Double Tree and explained they are hired to do the day to day operations of the system. Amy is the meter reader and does billing. John Close is the operational manager. Ryan Rittal is an engineer. Trevor Campbell is an analyst.

Mrs. Campbell wanted to address the four most commonly asked questions she gets in regards to the purchase:

First, why does she want to sell? She explained the District has been trying to purchase for some time and she believes in public ownership.

Second, why she had not given the District all of the requested financial information? She thought they did in August of 2008. They thought the tax information requested by the district was a non-issue. We have since addressed this in the acquisition.

Third, does she believe the District can operate? No, but that is why they hire a qualified team just like other public entities. She mentioned Big Sky and Bozeman as examples.

Fourth, what will happen if the District does not purchase the system? US will continue to own and operate the system.

She added that regardless of whether or not the district purchases, the rates, will most likely increase.

Marty Gagnon made a brief presentation on the history and future of the district before explaining options for financing (see handout). He explained the board started the option to purchase in 2005 and the steps leading to the postponement of the 2010 election. He explained

the District is currently submitting financing applications and looking at options on how to spread the debt over the district if we proceed with the purchase. The explained the options of financing as a general obligation bond, a special assessment or a combination. The rates will have to increase regardless of the option chosen.

Public Comment and questions:

Bill Hangas: He was at the meeting to represent Zoot and share their concerns. He first explained the past lawsuit with the District to the public. He explained it was the process they had to take to protest the tax assessment. He wanted to share their desire to pay their fair share but encouraged the Board to look at cost to benefit ratio determining how to calculate the rates.

Chris Ortmeier: Is new to district and wanted to know who she could talk to with questions.

Cory Klumb: He checked his tax bill and the special assessment is no longer on it. He wanted to know if as more users join will rate decrease?

George Morales: If the purchase fails will Mrs. Campbell still be in charge of US? Could she quit if she got tired of it? Would US finance the purchase? He also wanted to know if the Board was personally in favor of the purchase.

Ron Singleton: He wanted to know why the Board wanted to buy the system and the advantages. After Mr. Gagnon's explanation of options, is the Board leaning one way or another? What would happen to the rates if the district does not purchase?

Cory Klumb: If we have an election, what are the ballot options? If something happens to the system do we have the finances to repair?

Don McHenry responded that part of the calculated rate is going to a reserve fund for maintenance.

Mrs. Swimley stated there is only one question on the ballot. It could be vague or specific. She wanted to remind the public that mill rates will go down as district certified value increases. If we use this in combination with other methods it may offer a solution for financing.

Mrs. Campbell added her concerns that current rate will not cover operations and maintenance. Thus they will have to adjust rate if the purchase does not pass. She also responded to her role and intended longevity emphasizing her belief in public ownership.

Mrs. Swimley stated the proposed budget did include money for operations and maintenance. She also wanted to remind the public that the District could not build a profit into the proposed rate.

Public comment:

Lisa Beecher: wanted to express her concerns with the property valued approach to financing.

Dale Erickson: He wanted to know who decides what will go on the ballot and who gets to vote?

Bill Hangan: Was concerned about the value of the system; would it increase or decrease over the course of the loan and would we have to reinvest in 40 years.

Ron Edward responded that the assumptions used are over a 40 year term but it may not be that long of a term. The district wanted to use the 40 year option because of the amount of undeveloped property in the district. We could retire the debt earlier as the value of the district increases. The assets have a life cycle of well over 40 years.

Mrs. Swimley invited the public to the next board meeting on Wednesday February 3, 2010. She stated each registered voter in the district would get to vote in the election. Owners of real property also get one vote.

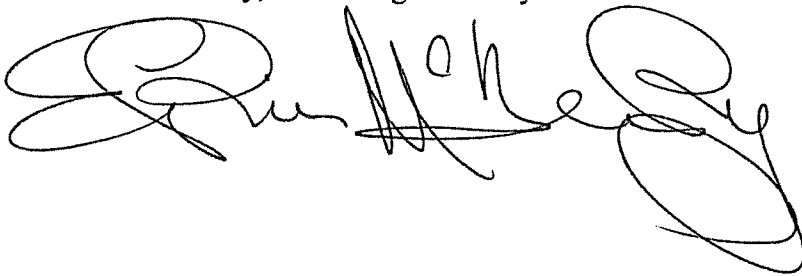
Mr. McHenry summarized that the board is trying to find the most equitable route for everyone to purchase the system in the current state of the economy.

2. Adjourn Meeting

There being no further business before the Board, the Four Corners Water/Sewer District meeting of January 27, 2010 was adjourned at 8:10 p.m.

Respectfully Submitted,

Erin McHenry, Recording Secretary

A handwritten signature in black ink, appearing to read "Erin McHenry", written in a cursive style.