

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
May 5, 2010

1. Call to Order

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

Present: President Don McHenry, Vice President Nancy Flikkema, Cory Klumb, Mike Pearson and Ed Schmidt.

Public: Susan Swimley, Erin McHenry, Marty Gagnon, and members of the public Jimmy Lohmeier, Tony Kolnik, Paul Shennam, Lisa Gregory, and Ryan Rittal.

2. The Board moved approval of the March 3, 2010 minutes with the following corrections:
- a) the meeting was held in the library;
 - b) under ¶3 correct "Morris & Marrile" to "Morrison and Maierle";
 - c) under ¶4 correct the spelling of "Swimley" and capitalize Board;
 - d) under ¶5 capitalize Board and in the fourth paragraph change "district" to Utility Solutions as the District does not own the facilities.
 - e) under ¶6 capitalize Board.

MOTION: Vice President Flikkema moved to approve with corrections the minutes from the March 3, 2010 meeting. Member Pearson seconded the motion. The motion carried 5-0.

3. Consideration of financial reports

- a. Approval of financial issues

MOTION: Vice President Flikkema made a motion, Mr. Schmidt seconded, to pay all unpaid booked bills. The motion carried 5-0.

- b. Discussion of financial issues

None.

4. Business

- a. Update on discussion with Utility Solutions regarding future of District.

Member Klumb provided a summary of the meeting they attended with US and Mrs. Swimley. The 5 major concerns to be addressed are rates, language of the future service contract, payment method, and agreement on balance due to US for past service. Ten years was suggested as length of time for a service contract but the longer the better. The rates would have to be evaluated regularly due to possible changes in power, repairs, and other capitol costs over time and adjusted respectively. US would carry the existing debt if we reenter a service contract allowing us to repay as we get funds. Mr. Schmidt expressed concerns of the US proposed

“availability fee” to empty lots and what would happen if they were unable to pay. Mrs. Swimley reminded them she was still inquiring into the legality of the proposed “availability fee”. The issues were investigated by the subcommittee to determine if there was cause for discussion with US on a future service contract. Mr. Riddle from US asked the board to discuss if in the future, they will again want to try to purchase the system, and if so try to resolve the simpler issues first.

Board discussion followed. President McHenry inquired how Elk Grove annexation would affect the District. The taxable value of the District would increase but they also have their own system we would have to maintain. Mr. Klumb reported US seemed to want to work with the District for funding and was offering a low interest rate. Mr. Schmidt expressed his concerns with the developers not being able to pay in the current economy. Mrs. Swimley suggested this could be addressed with the future service contract as we could correct the issues that did not work in the past such as details of collections and penalties. Mr. Klumb suggested we move forward with discussions with US if they are willing to extend the contract to 10 years and adjust the rates yearly. Mr. Pearson inquired as to the amount of development that would be needed to get funding. Funding becomes available at 50% build out but 70% is better. Mr. Klumb reported US has suggested they would allow us to purchase prior to the 70% if we can get funding. The board agreed they would want to wait and see what the PSC does with establishment of rates for Elk Grove. Mrs. Swimley reminded the board the money owed to US would have to be addressed regardless and we should start establishing a method for collection and repayment.

MOTION: Mr. Schmidt made a motion, Vice President Flikkema seconded, to continue with subcommittee investigation and have an additional meeting to discuss. The motion carried 5-0.

- b. Kolnik requests for attorney to make lists and gather information.

Mr. Kolnik has requested Mrs. Swimley prepare lists and gather information for his review. Mrs. Swimley inquired if the board wanted her to gather the additional information requested by Mr. Kolnik and bill the District. The board responded she should not spend any additional time gathering information for him as he has access to all of the public records at her office and can review as needed.

Public Comment: Mr. Kolnik informed the board he was looking for information on Valkarie and other financial information from the district. President McHenry reminded Mr. Kolnik he has access to all current public information of the District.

- c. Annexation Requests

1. Kolnik

Mr. Kolnik does not have a will serve letter from US and therefore does not have a formal petition for annexation.

2. Rassmussen

On hold until election.

3. Hokanson

On hold until election.

4. Gallatin County –Road Department

Waiting for will serve letter.

5. Kurowski – sewer only request

He is adjacent to water and sewer and the District has previously stipulated annexation must be to both if available. He is requesting an exception due to financial hardship (see email correspondence).

MOTION: Mr. Klumb made a motion, Mr. Schmidt seconded, to deny service for sewer only. The motion carried 5-0.

d. Out of District Service Contracts

4. Monforton School

No out of district service contract currently exists for Monforton School. Mrs. Swimley asked the Board if she should start working on one and the Board agreed.

5. Rassmessen

He has not applied yet.

6. McCartney

Currently in negotiations.

e. Policy Issues

- a. Out of District use of fire hydrants/ water

There have been inquires on this issue from McBride and in regards to the Dykstra property. Mr. Rittle from US was working on a draft contract for this and would suggest a \$2800/lot fee as a starting point. The fire department has the right to pull from it regardless in the case of a fire so we may as well collect for the potential usage. Mrs. Swimley requested a copy of the draft for review by the board and possible adoption by the District.

- f. Update on Bozeman Hot Springs

Nothing to report.

g. Update on Elk Grove Rates

Nothing to report.

5. Public Participation

None.

6. Board member issues

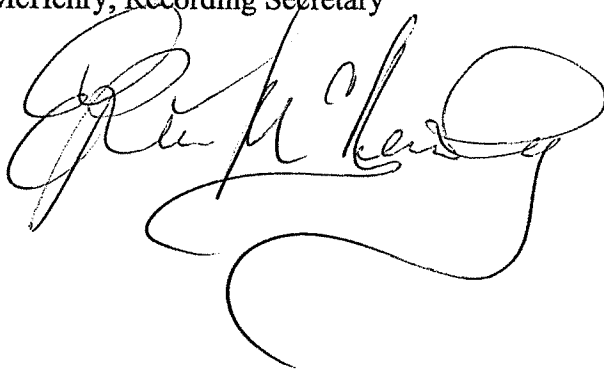
Mrs. Swimley fixed the mailbox problem.

7. Adjourn Meeting

There being no further business before the Board, the Four Corners Water/Sewer District meeting of May 5, 2010 was adjourned at 8:20 p.m.

Respectfully Submitted,

Erin McHenry, Recording Secretary

A handwritten signature in black ink, appearing to read "Erin McHenry", with a large, decorative flourish extending from the bottom of the signature.