

FOUR CORNERS WATER AND SEWER DISTRICT MINUTES
July 21, 2010

1. Call to Order

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

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

Public: Susan Swimley, Erin McHenry, Marty Gagnon, Ron Edwards, Barb Campbell and members of the public –refer to sign in.

2. Approval of minutes from July7, 2010 meeting.

MOTION: Mr. Schmidt made a motion, Mr. Pearson seconded, to approve the minutes from the July 7, 2010 meeting. The motion carried 4-0.

3. Consideration of financial reports

a. Approval of financial reports.

On Hold.

b. Discussion of financial issues

On Hold.

4. Business

a. Update on discussion with US regarding future of District, service and rates.

Continued until August 4, 2010 meeting.

b. Annexation Requests

1. Monforton School

Monforton School asked the Board to accept their petition to annex to the district.

MOTION: Treasurer Schmidt moved to approve the petition by Monforton School to join the district. Member Klumb seconded the motion. The motion carried 4-0.

2. Rassmussen

On hold

- On hold 3. Hokanson
- On hold 4. Gallatin County Road Department
- On hold 5. Rocky Mountain Bank
- 6. Reconsideration- Kurowski

Addressed at last meeting.

- c. Out of District service contracts
 - On hold 1. Rassmussen
 - On hold 2. McCartney
- d. Policy issues
 - Draft is on hold 1. Out of District hydrants/ water
 - On hold 2. Consideration use of wells for irrigation
 - 3. Consideration of separate rate structure for publicly funded entities
Move to August 4, 2010 meeting
- e. Presentation, discussion and approval of 2010-2011 budget.

The Budget remains as it was presented in May. The three parts consist of operations and maintenance, future rates and the past deficiency. Mrs. Swimley reviewed the details of the deficiency created from not having a service contract. The Board could levy a tax for the deficit which would be levied on the November 2010 and May 2011 tax bills but interest would occur in the mean time. The Board could not dissolve the District with a debt so the Board needs to address the money owed due to the deficiency. To pay off the deficiency the District would need to levy approximately \$1400 per lot for a year. Mrs. Campbell suggested the district look at an exit strategy over a longer period as the purchase seems unrealistic in the future. Mrs. Swimley reminded the board determining rates will be still an immediate issue due to the time required by the PSC to approve US proposed rates. Mrs. Campbell proposed a rate structure US felt would cover cost of service while the district is paying back the 2008-2010 deficiency. The rate

structure was based on the EDU method with the current number of users. Mrs. Campbell offered the district the option of paying back the deficiency over a period of 3 years as to lessen the burden on users if the district would adopt the proposed rate structure. The Board reviewed the proposed rate structure and reiterated the past concerns with the EDU method and its effect on commercial condos. A discussion of the dissolution of the district ensued. The district can not dissolve with any debt so the deficiency would need to be resolved. Mrs. Swimley and Mrs. Campbell discussed what would happen if a tax was levied and then not paid and the options instead of EDU method. The Board agreed it would be less of a financial burden to the members of the district to have the deficiency levied over two years.

MOTION: Member Klumb moved to dissolve the district after the delinquency is paid. Member Pearson seconded the motion. The motion fails 2-2.

Vice President Flikkema wanted it known President McHenry did not want to dissolve the district.

Some of the Board members expressed concerns that there is no possibility of purchasing the system in the foreseeable future. The best interests of the district may be to go ahead and let US go to the PSC and establish the rates. The deficiency will still need to be addressed immediately.

MOTION: Vice President Flikkema moved to levy a tax sufficient to cover the remainder of the 2008 deficit and the entire 2009 deficit owed to Utility Solutions, plus District past due bills recognizing this would leave a deficiency to be made up by a tax to be levied next year. Treasurer Schmidt seconded the motion. The motion passed 3-1.

MOTION: Treasurer Schmidt moved to assess the fees on a per lot basis. Member Pearson seconded the motion. The motion passed 3-1.

MOTION: Treasurer Schmidt moved the intention of the Board to approve the rate structure proposed by US on July 21, 2010. Member Klumb seconded the motion. The motion passed 3-1.

The rates proposed by US cover operations and maintenance only not past due debt. Both parties would request a memorandum of understanding to establish the future course of action. The Board agreed to Thursday August 12, 2010 for a rate hearing. Mrs. Campbell suggested she and Ron Edwards could possibly reduce the number of things on the agenda if they could look at an operating agreement.

5. Public Participation

None.

6. Board member issues

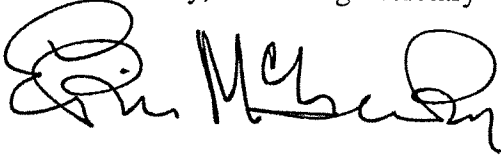
None.

7. Adjourn Meeting

There being no further business before the Board, the Four Corners Water/Sewer District meeting of July 21, 2010 was adjourned at 8:55 p.m.

Respectfully Submitted,

Erin McHenry, Recording Secretary

A handwritten signature in black ink, appearing to read "Erin McHenry". The signature is written in a cursive style with a large initial "E" and "M".