Montana Coal Board
Draft Meeting Minutes
September 26, 2014
701 1st Street E, Roundup, MT

Board Members Present
Chairman John Williams, and Tom Towe

Board Members Present On Conference Call
Vice-Chairman Loren Acton, Dan Miles, and Ralph Lenhart.
Absent were CJ Stewart and Marcia Brown.

Montana Department of Commerce Staff Present
Jennifer Olson, Grants Bureau Chief, Aaron Pratt, Coal Board Administrative Officer, and Amy Peck, Community Development Division Administrative Assistant.

Public present:

Jim Atchison	SE Montana Development
Emily Wortman	Town of Hysham / Murtagh Municipal Engineering
Larry Lekse	Musselshell Co Commissioner
Robert Goffena	Musselshell Co Commissioner
Bryan Adolph	Musselshell Co Commissioner
Patty Dunn	Colstrip
Lu Shomate	Colstrip
Karen Sweeney	Snowy Mtn Dev Corporation
Amy Angel	Musselshell Co Accounting Manager
Shirley Markery	
Gary Eliass	
Kathie Bailey	Snowy Mtn Dev Corporation
Sandra Jones	Mayor of Roundup
Ben Lonebear	Northern Cheyenne Tribal Schools
Frank No Runner	Northern Cheyenne Tribal Schools
Bob Keele	Town of Hysham, Director of Public Works
Pat Murtagh	Town of Hysham / Murtagh Municipal Engineering
George Real Bird	Crow Tribe
Kurrie Small	Crow Tribe
Tom Berry	State Representative

Welcome – Call to order
Chairman Williams called to order the meeting of the Montana Coal Board at 8:41 am. Chairman William announced that a copy of the Coal Board binder that included all meeting materials being discussed on the agenda, was available at the meeting for the public to view.

Roll call:
Ms. Olson called the Roll for Board members. The following board members were present: Chairman John Williams and Tom Towe. On conference call is: Vice-Chairman Loren Acton, Dan Miles, and Ralph Lenhart. Absent are Marcia Brown and CJ Stewart.

Opportunity for Public Comment

The following individuals provided comments:

- Jim Atchison – Recaps the Energy Tournament. EPA has come out with new regulations and DEQ will hold public comments in various communities (Handouts)
- MT Representative Tom Berry – MT Representative Duane Ankney apologizes for his absence. He is at an Appropriations meeting but sends his respects to the Board.
- Mayor Sandra Jones – Mayor of Roundup, Thank you for the grants for the fire truck and pumper.
- Lu Shomate and Patty Dunn – School History and Art Center of Colstrip came previously to ask for funds for the handicap ramp at our building. Our project was completed June 26, 2014 and $3.00 under budget. Most of the funds from the grant were used within Colstrip businesses. Besides the ramp, the foundation was repaired as well. The building was built in 1924 and will now last forever. Please come see the finished project.
- Commissioner Larry Lekse – Musselshell County Commissioner, Welcome. We had a good tour of the Signal Peak Mine and we thank the Board for all its hard work and we appreciate all you do.
- Chad Sealey – Superintendent of Roundup Schools, Thank you for the grant awarded previously. The Bond was voted on and passed to build a new K-6 school and kitchen cafeteria and also locker rooms at the Middle/High School. We hope to begin construction in spring of 2015. We will be back after the next appropriation.

Comments from the Board:

- Chairman John Williams – the Board encourages the public to attend the meetings. It gives the Board pleasure to know how we help your youth and your communities. We introduce Aaron Pratt as the new Administrative Officer for the Coal Board. We thank the Roundup community and appreciate their hospitality for the lunch at the Senior Center, and the exceptional tour at the Mine. We congratulate Signal Peak for their community involvement.
- Vice-Chair Loren Acton – For those who missed the lunch and tour, we express our sincerest apologies.

Approval of Minutes (June 20, 2014)

Action by the Board: Mr. Towe made a motion to approve the minutes. Vice-Chair Acton seconded. Meeting minutes were approved.

Budget & Financial Report

- Money appropriated for the 2015 Biennia: $ 3,918,811
- Coal Board funds awarded thus far: $ 3,710,982
- Balance of available funds: **$ 218,729**

Project Updates

- Number of projects awarded **31**
- There are currently 37 open contracts.

- Musselshell County submitted a letter regarding #0739 on September 15, 2014, requesting a change in the scope of work.
- Musselshell County also submitted a letter regarding #0740 giving updates regarding Majerus Road.
- Crow Tribe submitted a letter on September 22, 2014 after the 10 day rule.
  Questions and comments from the Board - On the open contracts summary, only 12 appear to be open?
  Staff Comments - Ms. Olson: Staff provides to the Board the open contracts all 37 shown are open. If the column that shows percentage expended does not say 100 %, then that contract is still open. If in some cases it does state 100 %, that contract may not be closed out but the project is completed.

Public Comments

- Commissioner Larry Lekse – Regarding the Multi-Purpose Center for seniors, with the passage of the school bond, the school has offered to leave a pad when the old building is torn down but leave the newer buildings on the site to be used as the Commissioners choose. Then we could remodel, convert, and combine several places; Food Bank, Counsel on Aging, Meals on Wheels, etc. into one center. There is a small amount of money left in that grant we would like to use yet. In regards to Majerus Road, this is still in process. We need to add the culverts but it is almost ready for gravel. We have done what we could but the county needs another $165,000. This road serves a large area of workers that work at the Mine and helps residents with getting kids to the school bus stop. We knew we couldn't complete this project with the funds given.
  Questions and comments from the Board - How much money is left from the grant for the Senior Center? What does the county want to do with the unspent funds? Does the old school building need to be torn down? Has an analysis been done comparing the saving of the building versus the tearing down of the building? How does the Board proceed with this request?
- Commissioner Larry Lekse – There is $2,078.49 left of the original grant from the Coal Board of $20,000. We would like to use the money to update the design. The decision to tear down the building came from the school, as it will cost too much money to preserve. The same engineering firm had two teams look at both options; one to save the building and one to tear down and build a new school. The Commissioners remained neutral. The empty pad does offer some opportunities down the road, the buildings left would allow the ability to combine services.
  Staff Comments - The Board can make a decision regarding these unspent funds in either Project Updates or Old Business.

Old Business

- Chair John Williams – we can now consider the request from Musselshell County regarding the $2078.49 in unspent funds to be used for a design update.

Action by the Board: Tom Towe made a motion to let Musselshell County use the remaining unspent funds of $2078.49 for design update purposes. Dan Miles seconded. Motion passed.

Questions and comments from the Board – Chairman Williams: As a reminder to Musselshell County, Majerus Road will require a new application.

Staff Comments - Ms. Olson: Staff continues to work on updating the Coal Board Application Guidelines and also hope to provide environmental and MEPA training at the December 2014 meeting (as requested by the

Board) by Division Administrator Kelly Lynch. After that, a draft version of the guidelines and forms will be presented in the spring of 2015.

New Business

Application #0760 Town of Hysham – Water Systems Improvement Project

- The applicant is requesting funds to replace the elevated water tank, cast iron mains, and update meters, generators and leak-detection within the system.
- Emily Wortman – (Handouts) In 2005 when inspected, the tank was 70% corroded in the walls and floors. In 2012 it was found to be 100% corroded and diver inspectors had to withdraw from the tank. Now in 2014 the tank is leaking thru the steel plate at the bottom and there is a "possibility of sudden catastrophic failure". In the Treatment Plant, corrosion from fumes is causing structural damage to the point where light fixtures are falling from the ceiling. The 2" service main has major corrosion leading to unaccounted for water. 50% of cost will be to replace the elevated storage tank. 50% will be to replace the mains. At the Treatment Plant, back-up power will be installed, new clamps to hold fixtures, and new meters. The total cost of the project will be $2.6 million dollars. The Town of Hysham has applied for numerous grants from TSEP, Coal Board, DNRC, and to RG for a grant and loan package. The town has passed significant rate increases that will occur in two tiers. The town is now above the Target Rate. The first tier was a $30 increase in June of 2014; the second will be $18 in May of 2015 which is a significant burden to the residents. We realize coal board funds are limited but we are hoping to get approved for this grant so that the Town of Hysham can be first in line for new funds when appropriated.
- **Questions and comments from the Board** – How much just to replace the Storage Tank? What's the schedule for receiving other funds? What do you need from the Board right now? Can you clarify the amounts of grants you have applied for?
- Emily Wortman – To replace the tank would be $1.3 - $1.4 million in total cost. The other funding would occur in June of 2015 if approved. We hope to have all funding in place by June or July at which time engineering would be completed so that work can start. We have requested $625,000 from TSEP, $125,000 from DNRC, $23,000 would come from the Town of Hysham, and $1.6 million is from RD/USDA; $500,000 of which is a grant and the rest is a loan. Coal Board funds would be used to complete the engineering.
- Pat Murtagh – From the Coal Board, we would need at least $60,000 right now for survey and design.
- **Questions and comments from the Board** – In looking at the Project Budget, almost half is considered 'contingency' funding. That is a large portion of coal board funding that is not specific.
- Pat Murtagh – It takes little effort to change the money around from Coal Board to TSEP and change the 'contingency' to 'construction'.

Action by the Board: Vice-Chair Action moved to fund $60,000. Chairman Williams seconded.

- **Questions and comments from the Board** – Are you sure of the additional funding? What is the severity of the impact?
- Emily Wortman – TSEP and DNRC traditionally all have been funded. With RD, it's just a question of how much will granted or loaned.
- Bob Keele - It important to point out the $23,000 is coming from the Town. There are 197 live connections and 321 people, mostly elderly or retired. There were 79 children in K-12 last year; this

year there is only 55 children. The cost to operate the system is the same but the group that pays is much smaller. Also, the bulk of rail traffic is coal. Burlington Northern has extended a siding and have added additional signals due to safety issues. Folks from Hysham work in Colstrip and also are retired Colstrip employees. In the 1980's there was a boost in population due to Colstrip mining increase. Since the 1990's there has been a steady decline in population in Hysham.

- Pat Murtagh – The treatment plant was built at a time when there was better population so as to spread the cost. Fewer workers going to the Mine leads to less population to help with the cost of repairs.
- **Questions and comments from the Board** – How does the train issues have reference to this water application? If there is a decrease in population, why is there a change from a 100,000 gallon tank to a 300,000 gallon tank?
- Bob Keele – The railroad pulls water from the town's system in their construction projects which affects water flow and the wastewater system. The State of Montana is requiring the larger tank for fire flow calculations.
- **Questions and comments from the Board –** Could the motion be repeated?

Action by the Board: Award Hysham funding of $60,000 to complete design and preliminary engineering for replacement of the storage tank, storage main, and leak detection. Motion passed.

Application #0761 Northern Cheyenne Tribal Schools – Technical Equipment for Student Instruction

- The applicant is requesting funds to purchase computers, projectors, printers, and associated technology.
- Frank No Runner – Gives a brief summary of the state of Indian schools in the state; that this school receives no state funding. The school realizes they are behind in technology in comparison to others. He states that the school has secured funds from the Bureau of Indian Education for the other half of the money needed.
- **Questions and comments from the Board** – You have secured funds for the other half needed? Where is the school in planning and procurement? Has the school decided on an operating system? What is the impact from coal?
- Frank No Runner – Yes, the funds are secured. Planning is in the initial stages. As for procurement, there is a tribal process and once it is approved, it takes about 30 days. We will use Microsoft Dell Windows as the operating system. Otter Creek is coming in the near future. The job opportunities at the mine and also the economic development in other areas will affect the whole community. Currently we are 37 miles from Colstrip, 35 to Spring Creek and about 50 miles to Otter Creek.

Action by the Board: Vice Chairman Acton moved to fully fund the request of $65,000. Mr. Towe seconded. Motion passed.

Application #0762 Musselshell County – Belly Dump Trailers (2) for County Road Department

- Musselshell County is requesting coal Board funding for the purchase of two new belly dump trailers.
- Commissioner Larry Lekse – The floods of 2011, the fire in 2012, and then floods this year has severely affected the county's roads. The old belly dump trailers can't keep up. The roads are also impacted by the increase of workers at Signal Peak Mine.
- Commissioner Bryan Adolph – 15% of the budget went to Majerus Road just this year.

- Commissioner Bob Goffney – A lot of local effort has been expended on Majerus Road.
- Kathie Bailey – If Musselshell County got the 8 to 10 million gross proceeds as they should be getting, they would not be here.
- **Questions and comments from the Board** – What is the typical mill levy? What does a citizen pay for all? With little funds left, can the county get by with one dump trailer?
- Karen Sweeney – 2014 millage rates are 189.95 and 2014 mill values are 10731. However, in 2015 those values will be going down to 9765 due to a correction in railroad values. Musselshell County property taxes are 12th highest in the state. These citizens are putting forth a lot. I don't have the information currently on what a citizen individually pays for mills. Page 5 of the application addresses the gross proceeds tax funding in Capital Improvement Projects and with all the other needs, no money has been set aside for road department equipment.
- Commissioner Larry Lekse – the City mill levy is 160. We are unsure of what the school levy is at this moment.
- MT Representative Tom Berry – Roundup does not have many things that bring a tax base; no rail road, no power, no refineries etc. We are a poor county and we need the help.
- Commissioner Larry Lekse – We would accept the proposal to fund one trailer.
  Questions and comments from the Board – Could the County wait until the Board has further funding? They have two trailers that do still work. Could this application be tabled? There is great impact here and Otter Creek hasn't started yet.

Action by the Board: Mr. Towe made a motion to fund $36,700 for one belly dump trailer. Mr. Miles seconded. Motion passed.

Application #0732 Wyola School District #29 – Doors, Kitchen, and Security Fence Phase 3

- Wyola School District #29 is seeking Coal Board funding to replace exterior doors, install fencing, and upgrade kitchen appliances and ventilation systems.
- Linda Pease-Brien – Superintendent of Wyola; (Handouts) With Coal Board funding we were able to install a perimeter fence in 2006. This has become a place where kids can play safely. The gates are locked at 10:00 p.m. However, there are yet ways for kids, adolescents, and intruders to get through the fence. Due to settling, fire exit and exterior doors can't be shut properly or solidly. A safety inspection was completed on the kitchen facilities and there are a number of issues there that need to be addressed. Other resources to obtain funding have been difficult to find and there are so few taxpayers within the district. There is only $1000 left in the maintenance budget.
- Kenneth Brien - Retired from Westmoreland in 2010. Last year I was hired as a consultant by Cloud Peak Energy and Big Metal Mine which will be only 20 miles from Wyola. This mine will impact Wyola as they come in. There is much that needs to be done in Wyola to be ready.
- **Questions and comments from the Board** – What are the mill levies paid by residents? How do they compare to other communities? What is Big Metal Mine?
- Linda Peas-Brien – Wyola is an independent school district within the Lodge Grass High School District. We are on the reservation, the school is on state land adjacent to city land but there is no city government. A resident downtown may be paying about $550 - $560 in mill levies. We do get impact funding but not enough to cover all costs. The entire state budget goes just for salaries.
- Kenneth Brien – Big Metal Mine has already done core drilling. It's projected to produce 4 million tons per year and there is a market but the political climate makes it difficult. It is located between Wyola

and Spring Creek, near Youngs Creek and Squirrel Creek area. They are hoping to employ about 150 people.

Action by the Board: Mr. Towe made a motion to table the application. Vice-Chair Acton seconded. Motion failed.

Action by the Board: Vice-Chair Acton made a motion to fully fund the request of $24,387. Mr. Miles seconded. Motion passed.

Request from Crow Tribe – Letter submitted regarding the use of $30,000 in Coal Board funds.

- Mr. Pratt – reads submitted letter from Crow Tribe Executive Branch
- Ms. Olson – Administrative Rule states that up until ten days prior to meeting, the Board can consider additional information to be presented to the Board at the next meeting. This letter was received less than 10 days prior to the Board meeting.
- **Questions and comments from the Board –** Does that mean we can't comment on this request? That if a decision is made it may be null and void?
- Ms. Olson – Legal may need to be consulted.
- **Questions and comments from the Board** – This needs to go through the process. Will the project be impacted if the no decision is made until the December meeting? Would a conference call be an option?
- George Real Bird – We are ready to go but I can speak with the financial people and engineers. At this point we can't receive the drawings until the firm is paid. If not for a wet spring and some other issues, the arbor would be torn down already. We have ramped up quickly.
- Ms. Olson – The request changes the scope of work from 'planning' to 'construction'.

Action by the Board: Mr. Towe made a motion to set up a conference call as soon as possible. Vice-Chair Acton seconded. October 8, 2014 at 9:00 a.m. was agreed upon. Motion passed.

Board Matters:

- The next meeting is scheduled for December 12, 2014 in Billings, MT.
- Ms. Olson – The remaining balance of funds on hand is $32,642.00
- **Questions and comments from the Board** – Don't let the balance dissuade applicants from applying. Can we grant subject to funding?
- Ms. Olson – The Legislature has to appropriate and the Governor sign the bill to authorize funds first, which typically is at the end of April, beginning of May. Also, recapture funds may be used if they come in prior to that.

Adjournment:
With no other business, the meeting was adjourned by Chairman Williams at 11:56 a.m. The next meeting is scheduled for December 12, 2014, in Billings Montana.

John Williams, Board Chair

12-12-14
Date