Montana Coal Board
Meeting Minutes
December 12, 2014
Hampton Inn, Billings, MT

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

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

Public present:

Jim Atchison	SE Montana Development
Larry Lekse	Musselshell Co Commissioner
Robert Goffena	Musselshell Co Commissioner
Brad Pfeiffer	Chief of Hawk Creek VFD
Kent Sipe	Musselshell Co Attorney
Chris Pfeiffer	
Bill Hodges	Big Horn Hospital Association
Chad Hanson	Great West Engineering
Gary Levine	
Carl Jackson	KLJ Engineering
Rose Hanser	Mayor of Colstrip
Kathie Bailey	Snowy Mtn Dev Corporation
Woody Woods	
Carl Peters	Chairman of Lockwood WSD

Welcome – Call to order
Chairman Williams called to order the meeting of the Montana Coal Board at 8:43 a.m.

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

Opportunity for Public Comment
The following individuals provided comments:

- Jim Atchison – (Handouts) The Infrastructure Needs List is almost complete and should be ready in March. Eleven million dollars were spent in completed projects in the past year. SouthEastern Montana Development will be encouraging the increase of legislative spending for the Coal Board at the session. Also SEMDC is one of four economic impact companies that have formed the Eastern Montana Impact Coalition and they have submitted to the Governor a proposal for $90 million in infrastructure projects in eastern Montana and coal country. Forty municipalities and counties have signed the letter.
- Mayor Rose Hanser – Mayor of Colstrip; the Wastewater project has gone forward starting with the lift-

station phase II which has come in at a higher cost than anticipated as well as the back wash project mandated by the DEQ which also came in substantially higher in costs than anticipated. The City is doing their best to get the additional funding needed so that wastewater project goes forward this summer as planned. Mayor Hanser thanked the Board.

- Commissioner Larry Lekse – Musselshell County Commissioner; Commissioner Lekse thanked the Board for the grants to Musselshell County. Commissioner Lekse addressed why the county does not put more money into the pool for projects to inform the Board of the obstacles that the county is facing. (provides overview of county budgeting). Commissioner Lekse introduced the county attorney to also answer questions and address the legal opinion that was presented to the Board.
- Kent Sipe – County Attorney; Mr. Sipe provided an overview of a legal opinion letter that he prepared and provided to the Board regarding revenue received from Gross Proceeds and whether Coal Gross proceeds can be spent as a lump sum on projects.
- Bill Hodges – Big Horn County Hospital Association; Mr. Hodges thanked the Board and explained that the Coal Board funds for equipment have been spent and since that time the hospital has saved nine lives with the equipment. The equipment has improved the patient's clinical condition. Mr. Hodges explained the hospital will begin working on a Master Facility Plan because the old hospital has out-lived its life and the plan will help the community make decisions on its future.

Approval of Minutes (September 26, 2014 and October 8, 2014 Conference Call)
Action: Mr. Towe made a motion to approve both minutes. Mr. Miles seconded. Meeting minutes were approved.

Budget & Financial Report

- Money appropriated for the 2015 Biennia: $ 3,918,811
- Coal Board funds awarded thus far: $ 3,886,169
- Balance of available funds: **$ 32,642**

Approval to accept the Budget
Action: Mr. Miles made a motion to accept the Budget. Mr. Towe seconded. Budget was approved.

Program Administration Review – Environmental

- Ms. Kelly Lynch, Division Administrator for Community Development Division and legal counsel for the Department reviewed the Montana Appointee Handbook. She also presented information on the environmental processes and laws that apply to the Coal Board grants. She provided an environmental checklist handout to the Board.

Project Updates

- Number of projects awarded **36**
- There are currently 37 open contracts.
- The Town of Lodge Grass submitted a letter requesting reallocation of $89,380 from construction to administration.
- **Questions and comments from the Board** - Are there any problems to report?
- **Staff Comments** - Ms. Olson: Update on the Town of Melstone #0728 regarding the contractor's completion of work to install the components related to the project. The Town's legal staff is involved

and working with the town to resolve the issue.
Mr. Pratt: Request from the Town of Lodge Grass #0742 from two letters requesting modification to the scope of work and budget to use Coal Board funds for administrative and activity costs. (reads)

- Lori Benner – Grant Administrator for the Town of Lodge Grass; Ms. Benner provided information regarding the request to reallocate funds from administration costs including legal, grant administration, bond council, interim interest, travel training, audit fees, etc. from activity costs related to construction. The grant was awarded in 2013 with only construction costs but there currently are other costs associated with the project.

Action by the Board : Mr. Miles makes a motion to approve the reallocation of funds. Mr. Stewart seconded the motion. Motion passed

Old Business

- Mr. Pratt reads a review to the previously tabled Colstrip application #0759.
- Chairman John Williams – this application will remain tabled.

New Business

Application #0764 Lockwood Water & Sewer District – Water Systems Master Plan

- The applicant is requesting funds to prepare a new Master Plan to address current conditions, deficiencies, and anticipated growth in the District as well as the short and long term system needs along with updating the Capital Improvement Plan.
- Carl Peters – Chairman of Lockwood Water Sewer District; this is the first application to the Coal Board. Lockwood has been very proactive in Master Planning. This plan would focus on both filter trains being used at the same time in peak months which is not DEQ compliant. Silt and sediment are an issue due to the water source coming from the Yellowstone River. We have inadequate storage in our eastern boundaries and are expecting growth in that area that currently has no water or wastewater.
- **Questions and comments from the Board** – The applicant mentions difficulties in obtaining personnel numbers from other coal industries, why is that? What has been the increase or decrease in coal impact?
- Lori Benner – The other industries, not the mines, stated 'inability to share the information' regarding personnel numbers. As for the increase or decrease in coal impact, Signal Peak Mine was mentioned in Lockwood's projections; page 12 of the application has a table showing the production of the mine.
- **Questions and comments from the Board** – There has been an increase in coal trains in that area. Mention was made of an Industrial park being located in the district? How much money is the Sewer District contributing?
- Carl Peters – The Lockwood site is a preferred site for the industrial park but it is just outside our boundaries so application would be made to the City of Billings for an expansion. We don't anticipate a problem as it means more income for the City. As to money contributed, we are working on both a TSEP and CDBG grant.
- **Questions and comments from the Board** – There is cash assets of $5.6 million in the bank and only 1800 customers with only 1 million in debt. Why not pay down the debt? Why ask for money from this board when you have those kinds of assets?
- Woody Woods – Those assets fund the Capital Improvement Projects and has already been reserved for projects that will be happening in the future. Nearly all has been allocated.

- **Questions and comments from the Board** – How much of the $5.6 million is actually allocated? Is anyone in your district that wants water that doesn't have it?
- Woody Woods – There is 14 million of debt on the sewer project and it is still incurring debt with at least $6 million more to be spent on the sewer. This is also why we want to update the Master Plan as much has changed since it was previously completed in 2005. Yes, we have junior and senior rights on the water from the Yellowstone River and there are a lot of entities that we have to deal with. Peterbuilt wanted water and sewer when they built but we couldn't provide it. They are now on well and septic.

Action: Mr. Towe moved to fund $15,000. Mr. Miles seconded.

- **Questions and comments from the Board –** Concerned with the seriousness of impact from coal on the community.

Action: Motion failed.

Application #0765 Musselshell County – Majerus Road Improvements Phase 2

- The applicant is requesting additional funds to complete the Majerus Road project.
- Commissioner Larry Lekse – Musselshell County does have a CIP and at the time it was completed, Majerus Road was down the list of priorities. However, the Mine has changed many of those priorities and so we are updating the CIP. We do have a specific road plan. The county realizes there are no funds available currently for this application and so request that it be tabled until funds do become available.
- **Questions and comments from the Board** – Staff made comment that the request seems appropriate regarding Majerus Road need. Request that a usage increase or decrease report be provided as well as the road plan.

Action: Mr. Towe moved to table the application. Mr. Miles seconded. Motion passed.

Application #0766 Musselshell County – Hawk Creek VFD Command Vehicle

- Musselshell County is requesting funds to purchase a used, fully-equipped Command Vehicle.
- Chief Brad Pfeiffer – (handout) Currently Hawk Creek VFD supports 5 other departments. During an active fire, decisions must be made where personnel is pulled from the fire to give them rest, fresh personnel and supplies brought in which then takes a vehicle off the fire. This puts people and property at risk as the turnaround can take two to three hours. This vehicle will help all the departments we support.
- **Questions and comments from the Board** – You serve a highly impacted area, you have local effort and you are cooperating with other departments. What is a Military Tender? Appreciate the comparative Mill rates and Coal Gross Proceeds included and the comparison with other communities. The staff made comment about your budget and expenditures.
- Chief Brad Pfeiffer – The Military donates used equipment they no longer need. We are applying for this equipment as they are big and safe. The bank statement included is our balance sheet. The County funds in part through the General Operating Fund. We have done lots of fundraising but we are a small community so not a lot of funds are raised in that way. We received an $1100 grant for clothing and protection shelters. Maintenance of vehicles is on a voluntary basis, we do it nearly all ourselves.
- Commissioner Larry Lekse – The County has 11 Mills for wild land firefighting. This goes to the Fire

Council Fund and then each company gets a certain amount. The Fire Council then decides what to do with the remaining funds. Each department gets about $5000 for utilities and necessities. Gross Proceeds were about $11,500.

- **Questions and comments from the Board –** What is the degree of severity of coal impact? The Mine is 31 miles away so how is the Mine affecting your area?
- Chief Brad Pfeiffer – In our jurisdictional area there are people who work at Signal Peak Mine. Bull Mountain Mine in Roundup is our jurisdiction and support area. We are on-call for anything they need.

Action: Mr. Miles made a motion to fully fund the application. Mr. Stewart seconded. Motion passed.

Board Matters:

- The next meeting is scheduled for March 13, 2015, in Helena, MT.
- Three board members terms are up. If they wish to be reappointed, they must apply to the Governor.

Adjournment:

With no other business, a motion was made by Mr. Miles to adjourn the meeting. Mr. Towe seconded. The meeting was adjourned by Chairman Williams at 11:53 a.m. The next meeting is scheduled for March 13, 2015, in Helena, Montana.

John Williams, Board Chair

3-13-15
Date