Montana Coal Board
Meeting Minutes
March 13, 2015
Department of Commerce, Helena, MT

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

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

Public present:

Jim Atchison	SE Montana Development Corporation
Kasey Roan	Big Horn County
Noelle Pinkerton	Treasure County Ambulance Service
Erin Fink	Treasure County Ambulance Service
Brian Johnson	
Chad Sealey	Roundup Public Schools
Sandy Kust	Arrow Creek Consulting
Ruth Towe	
George Real Bird III	Big Horn County

Welcome – Call to order
Chairman Williams called to order the meeting of the Montana Coal Board at 8:35 a.m.

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

Welcome – Commerce

- Doug Mitchell – Deputy Director, Montana Department of Commerce, provided a welcome to the Coal Board members and the public and noted it is the 40th anniversary of the Coal Board. Mr. Mitchell also thanked Mr. Towe for his time serving the board during the past two years and also his service to the state through legislative and non-legislative offices and participation that assisted the development of the coal severance tax and several legacy programs in the state.

Opportunity for Public Comment
The following individuals provided comments:

- Jim Atchison – HB 228 provides for a funding increase which has passed the House and is now in the Senate.

Approval of Minutes (December 12, 2014)
Action by the Board: Mr. Acton made a motion to approve the 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: $ 3,909,069
- Balance of available funds: **$ 20,642**

Approval to accept the Budget

Action by the Board: Vice-Chair Acton made a motion to accept the Budget. Mr. Miles seconded. Budget was approved.

Program Administration Review

Overview of Disaster Resiliency Program (NDR)

- Mr. David Corcoran, Program Specialist for Community Development Division reviewed the new program from HUD which will release a pool of recovery funds to be used or reallocated to areas of the country that has unmet recovery needs from 2011 – 2013. The state needs to identify the degree of need of those with un-met disaster areas. There will be a Phase I and a Phase II. In the areas most impacted or most distressed, if accepted as such, the state will then contract out repairs and will also mitigate for future disasters. Communities will need to apply through the website by March 27, 2015. HUD will then review for 60 days and will at that time make a decision who qualifies. HUD has emphasized that not all communities who apply will be invited to Phase 2. Starting in December 2014, CDD has reached out to all local governments, non-profits, and other state agencies through phone calls, emails, and meetings. The map handed out shows all the areas that are impacted in coal country and is correct at this time but also studies are not yet complete and other counties may yet come in. DES is on the ground doing surveying. There is a public hearing scheduled this coming Monday, March 16, 2015.
- **Questions and comments from the Board** – During the application process, does the community request a certain amount of money? Will there be an allocation to the state in general or will HUD gather all the application then decide how much the state will receive? What will be the role of the Board? Is the competition severe?
- Mr. Corcoran – the amount of money requested by an applicant will come in Phase II.
- Ms. Jennifer Olson – the Coal Board can be a leverage of funds, the gap filler or starting point for projects. It may be that a coal grant can be a matching funds source similar to the CDBG program.

Discussion of Coal Board application and administration proposed changes

- Ms. Jennifer Olson, Grants Bureau Chief for Community Development Division, provided an overview of proposed changes to the coal board application. The objective is to make the application more user friendly with changes made to provide a clearer, more succinct document. Previously some applicants were getting weighed down in the details that were not specific to the need being outlined. Currently the application is 26 pages but page 16 is really the 'start' of the application. We would like to modify Implementation schedules and budgets so that the applicant will have the ability to show use of funds and how they could be modified without requesting change or amendment before the Board. This gives staff a little more latitude to work with the grantee. Also the Environmental process presented by Kelly Lynch at the last board meeting will be added to the application. Recall that Commerce is working through a process to establish exemptions that the Board will be able to adopt which will ease the way

for applicants. And currently the Coal Board does not have an administrative guide. Doing so will provide more communication as to how the grant will proceed and will make clear the responsibilities of the applicant.

- **Questions and comments from the Board** – the Board applauded the changes. What is the time frame? Sometimes the applicant is chided for not providing enough information and other times the information is quite voluminous and may not be needed. It can be quite time consuming for a board member to decipher what is actually needed. Please be specific, direct, and utilize the criteria. Comments and questions were made about public involvement and handling an application that is insufficient.
- Ms. Olson – We plan to have a draft in June so that in the new biennium a new application would be available. We will continue going through the public process and ARM process prior to instituting the new application. We will receive public comment and present all that to the Board. As to applications that are insufficient, the Staff Reports prepared for the Board provide an analysis of the application's merits based on the statutory criteria. This information is also provided back to the applicant and technical assistance is offered and provided.
- **Public Comments** – Kasey Roan, Big Horn County Road Dept, staff reports have helped us to know what we are lacking so we can bring it before the Board.

Project Updates

- Number of projects awarded **37**
- There are currently 26 open contracts.
- **Correspondence**
  - i. Letter from Roundup Public Schools – Chad Sealey
  - ii. Letter from Savage 2M Sewer District – Sandy Kust
  - iii. Letter from Melstone Community Swimming Pool – Kathy Eike

i. Mr. Pratt read letter from Roundup Public Schools.

- Chad Sealey – Superintendent of Roundup Public Schools, hopefully the letter gave the Board a good update. We have handouts to show where we currently stand on the projects and other needs. The original request to the Board was $1 million dollars. We are about half of the way to meeting our goal and hope to present a new application for that remaining $500,000 in June. We have passed a 9.8 million bond which was 90% of needed funds. We are asking for only 10% of the costs for this project. Representative Barry is carrying a bill for additional funding for coal country and we provided testimony as to the need. Musselshell County Commissioners are hoping to lease and then purchase the 1962 and 1975 buildings for their senior services. This is a good collaboration to keep facilities in use and will benefit all in the community. As to the 1911 and 1913 actual school buildings, a committee has been formed, 'The Right Choice for Roundup', to gather ideas for use of this building. The hope is that the building will be used for something to benefit the community.
- **Questions and comments from the Board** – Compliments to the community for passing the bond. When you come with your new application, please make it clear why an additional $500,000 is needed. When do you plan to break ground? In looking at the handout, is this a modification of an existing building? How long does the applicant have to draw funds? Can they use their $500,000 coal board funds first before their local funding?
- Mr. Sealey – We plan to break ground in April for the high school and July 1st for the elementary school. The modification you see in the handout is a kitchen and cafeteria area that will be added to the existing building.

- **Staff comments:** Ms. Olson – Funding is available and will follow the project until it is complete. Any funding leftover will go back to the account. The applicant can use the coal board funds first. If there is a savings in costs thereafter, the coal board will get a share of those savings.
- Mr. Pratt – The contract is in place and will expire December of 2016 but can be extended if necessary.

ii. Mr. Pratt read letter from Savage 2M Sewer District regarding application #0743

- **Questions and comments from the Board** – This will require board action.

Action by the Board: Mr. Stewart made a motion to transfer the funds of $44,750 as requested from Construction to Survey and Engineering Design. Ms. Brown seconded.

- **Questions and comments from the Board** – May the Board have an explanation or some background regarding this situation?
- Ms. Sandy Kust – Grant Administrator, the board awarded funds to this application in June 2013. The situation currently is that there was an issue with the land deed transfer but this was finally resolved in December. We are dealing with the third attorney for the farm lease which is also causing delays. The design is 99% completed. The board has reviewed and approved the design. Once the lease agreement has been signed we can have the right of way opinion completed and turned into USDA RD and DEQ. DEQ has added an additional requirement of the use of ultraviolet light treatment to the spray irrigation which will put us over budget but hope to be in construction in June or July and will be about 90 – 100 days construction.
- **Questions and comments from the Board** – To clarify, USDA RD won't give you funds until you use all other grant money? And this was not anticipated?
- Ms. Kust - RD makes you use everyone else's money first. Great West reviewed everything with us but it was the attorney Bob Murdo who was the first to bring this to our attention.

Action by the Board : Roll call vote. Motion passed.

iii. Mr. Pratt read letter from Town of Melstone #0728.

- **Questions and comments from the Board** – That is great information.
- No public comment

Old Business

- Chairman John Williams – the two applications, Majerus Road #0765 and Colstrip #0759, will remain tabled.

New Business

Application #0767 Big Horn County – Road Department Equipment

- The applicant is requesting funds to purchase two new belly dump trailers and one new dozer.
- Kasey Roan – Big Horn County Road and Fire Department and Deputy Fire Chief, thank you for the board's past support. We are looking to replace this equipment as stated in our application to ensure the safety of all in our community.

- **Questions and comments from the Board** – The applicant mentions current assets of $237 million plus, is any of that in cash? What are looked for in the application are other options for funding so in the future, it might be good to address that. Staff reports states there are no funding sources provided. How many dozers do you need?
- George Real Bird III – Big Horn County Commissioner, we are providing the road department budget to you. There is some cash matching funds. May and June are when most expenditures are made of all budgeted items. I am still new to this position as so don't have all the answers you may need at this time.
- Kasey Roan – We need two dozers, a smaller one and a bigger one. Our old smaller one is the one with the bad brakes and is an open cab which is difficult to use during fire season. We are handing out two items; one is seven years of past equipment purchases and Coal Board assistance and another that shows increases in coal production and impacts these have had in various areas.

Action by the Board: Mr. Acton moved to fund $20,642. Mr. Stewart seconded. Motion passed.

Application #0768 Treasure County – Emergency Medical Services Ambulance

- The applicant is requesting $73,950.00 to purchase a new 2015 ambulance.
- **Questions and comments from the Board** – In reviewing the staff report, what is the increase or decrease in coal impact? There are increases of 34% and 70% in the last two years from Westmoreland Mine but no information was provided on traffic, ambulance calls, accidents etc? Have you looked to other sources of funding such as MDT?
- Noelle Pinkerton – Treasure County Ambulance Service, shift work at the mine has led to an increase in accidents. We are responding to auto accidents at all hours. Horse Creek Road, Sarpy Creek Road, I-94, are all within our response area. Our shortest trips are 60 miles roundtrip. And, as a volunteer, I was not aware of what other funding was available such as MDT until it was too late to apply.
- **Questions and comments from the Board** – The Board applauds the efforts of small counties such as Treasure County. Encourage you to seek the help of Southeastern Montana Development Corporation and Commerce staff.

Action by the Board: Mr. Miles moved to table the application. Mr. Stewart seconded. Motion passed.

Board Matters:

- The next meeting is scheduled for June 11 and 12, 2015, in Hardin, MT. There will be a tour of Cloud Peak Mine on the 11th, with the board meeting being held on the 12th.
- There is a request to date the staff reports and with the training for new members, to focus on mill levy items.
- Mr. Towe expressed his appreciation for the opportunity to serve on the Board.

Adjournment:
With no other business, a motion was made by Mr. Stewart to adjourn the meeting. Mr. Miles seconded. The meeting was adjourned by Chairman Williams at 12:03 p.m. The next meeting is scheduled for June 12, 2015, in Hardin, Montana.

John Williams, Board Chair

6-12-15
Date