STATE OF MONTANA
DEPARTMENT OF COMMERCE

MONTANA COAL BOARD INTERIM CONFERENCE CALL MEETING

January 24, 2014

Public Present on phone (no public attended the meeting in person):
Chad Sealey, Superintendent, Roundup Public Schools
Karen Sweeney, Snowy Mountain Development Corporation
Rae Peppers, Northern Cheyenne Utilities Commission

Welcome – Call to order
Chairman John Williams welcomed all present via conference call. The Department of Commerce (DOC) staff present included: Jennifer Olson, Community Grants Bureau Chief, Andy Fjeseth, Administrative Officer, and Joanne Gilbert, Administrative Assistant.

Chairman Williams called to order the meeting of the Montana Coal Board at 10:14 a.m.

Roll Call:
Mr. Fjeseth called the roll. The following board members were present: Chairman John Williams, Vice-Chairman Loren Acton, Marcia Brown, Dan Miles, CJ Stewart, and Tom Towe. Ralph Lenhart was absent.

Opportunity for Public Comment
Chairman Williams invited comments from the public. There was no public comment.

Coal Board Grant #0741 – Roundup Public Schools
$500,000 to fund construction of New K-6 School
Chairman Williams asked Mr. Fjeseth to introduce the grant and the situation that prompted the need for an interim meeting. Mr. Fjeseth read the December 20th letter submitted by Superintendent Sealey requesting an interim conference call to address the school's request. Chairman Williams discussed the request being made by the grantee, which was to go to the electorate with two options. The first option would be to build a new facility as stipulated in the original Coal Board award, the second option would be to renovate the existing structure and extend the period for voting until December 31, 2014.

- Vice-Chairman Acton asked Mr. Fjeseth to read the original motion from the June 14, 2013 meeting. Mr. Fjeseth read the original motion which stipulated that the award be for construction of a new school and that it be contingent on the passage of a bond by May 31, 2014. Vice-Chairman Acton had no further questions.
- Mr. Towe applauded Superintendent Sealey for coming back to the board to ask for the possibility of renovation; Mr. Towe asked if the budget numbers included in the report would be modified in any way. Superintendent Sealey indicated that the whole project will reach approximately $10 million in total. Superintendent Sealey also indicated that the total cost of renovating the existing structure would cost approximately the same as building a new school.
- Mr. Stewart asked if this was a remodel instead of a new construction, and if the amount of renovation would cost the same as new construction. Superintendent Sealey clarified the request, and noted that there is definite resistance to tearing the building down because there is both sentimental and historical value to the community.
- Chairman Williams agreed that it was a good idea to put the ideas to the community for a vote; however, he said he would have serious reservations about remodeling a 100 year old building. The Chairman said he foresaw operation and maintenance issues with the renovation plan.

Coal Board Grant #0741 – Roundup Public Schools
$500,000 to fund construction of New K-6 School (continued)

- Chairman Williams indicated that he would entertain two motions: one which would allow the grantee to present both options to the community, and the other which would extend the voting until December 2014
- Mr. Towe moved to authorize the requested change in the grant; striking the "new" construction stipulation and authorizing the community to move forward considering both options. Mr. Miles seconded. The motion passed 6-0.
    - Vice-Chairman Acton asked how the voting process would be implemented and what percentage of the renovation would include new construction.
        - Superintendent Sealey indicated they would hold public meetings to gauge which option to put on the ballot. If that option was voted down by the public, they would pursue the other option. Superintendent Sealey also noted that they cannot vote on both options at the same time. Superintendent Sealey indicated that with the renovation option, approximately 40% of the floor space would be new construction.
    - Mr. Towe said it was his hope that this motion would be open enough that they can pursue a different option if the other option were to fail. Mr. Towe reiterated that whenever the Coal Board can encourage historic preservation, they should.
- Vice-Chairman Action moved to extend the voting until December 2014. Mr. Stewart seconded. Motion passed 6-0.
    - Vice-Chairman Acton noted that the Board really would like to help the school use the grant they were awarded, and indicated his pleasure in the fact that they were willing to ask for help in resolving a complicated situation.
- Mr. Miles noted that his hometown of Butte deals with Historic Preservation on a daily basis and offered to put Superintendent Sealey in touch with some folks who may be able to offer him some advice in that regard.

Coal Board Grant #0671 – Big Horn County
Contract Extension Request to 12/31/2015

Chairman Williams asked Mr. Fjeseth to introduce the request. Mr. Fjeseth read letters from both Big Horn County and the Crow Tribe (whom Big Horn County sponsored for the grant) outlining the request and the reasons the request was needed. Mr. Fjeseth advised the Board that the amount of the contract is $148,300.00. Chairman Williams indicated he would entertain a motion to grant the County's request to extend the grant to 12/31/2015.

- Mr. Stewart moved to grant the request. Mr. Towe seconded. The motion passed 6-0.
    - Mr. Stewart noted that this project is ready to move forward and the Tribe just needs a little more time to get the project finished.
    - Mr. Towe asked what the project is and when it was awarded. Mr. Fjeseth advised that the project was to update the UV disinfection plant and that the project was awarded in 2012.
    - Mr. Miles asked if this extension would violate any biennial spending rules. Mr. Olson noted that no, there were no deadlines: however, if the Board were to deny the extension, the funds would revert back to the coal board fund, but they would not be available to be re-awarded by the board since they were part of the 2013 biennial appropriation.
    - Vice-Chairman Acton asked for the total cost of the project. Ms. Olson indicated that the budget for the project exceeds $3 million. Vice-Chairman Acton asked if the Tribe could use the funds up front; Mr. Fjeseth indicated that the Coal Board portion of the budget is all in construction, so theoretically, should construction begin in Spring 2014, the Tribe could use Coal Board funds first. Mr. Acton asked if any representative of the County or Tribe could speak to the request. Mr. Acton noted that he didn't think extensions should be automatically granted, and that he was inclined to vote against it.
        - Representative Rae Peppers indicated that she had worked with the tribe when this project began. She noted that securing the multiple funding sources took a long time, and she encouraged granting the extension.

Coal Board Grant #0671 – Big Horn County
Contract Extension Request to 12/31/2015 (continued)

- Mr. Stewart agreed with what Representative Peppers had to say about the request. He indicated that the project was being implemented in phases, and that the UV disinfection plant was definitely a need for the community. Mr. Stewart encouraged the rest of the board to grant the extension.
- Mr. Towe asked Ms. Olson if these funds would be available to be re-awarded, should the extension be denied. Ms. Olson noted that these funds were from the 2013 biennia, and therefore could not be re-awarded because it is outside of the 2013 biennial authority, should the board deny the County's request. Ms. Olson also noted that should the Board deny the County's request, the Department would terminate the contract, since the original contract expiration date was 12/31/2013.
- Mr. Acton noted that his initial comments were made on the basis of inadequate information on the current expiration date of the contract, and that now that he understood the factors surrounding the extension he would change his position and be in favor of the extension request.
- Mr. Fjeseth offered some contextual information regarding the circumstances of the extension. He noted that securing the multiple funding sources, as well as conflicting guidance between the state and federal government that needed to be resolved before moving forward, were factors that influenced the delay of the project.
- Mr. Williams noted that it was a big project with lots of pieces of the puzzle coming together.

Board Matters

Vice-Chairman Acton requested that staff provide more information when contract extensions are reviewed by the board, including a summarized history of the grant. Mr. Miles seconded the Vice-Chairman's request. Commerce staff appreciated the comments and will work to provide more detailed information in the future.

Adjournment

With no other business, Chairman Williams adjourned the meeting at 11:16 am.

Respectfully submitted,
Andy Fjeseth, Administrative Officer

John Williams, Board Chair

Date 3-21-14

Andy Fjeseth, Administrative Officer

Date 3-21-14