

Montana Coal Board
Meeting Minutes
July 20, 2012
Hampton Inn, Billings, MT

Welcome - Call to order

Chairman John Williams welcomed all present and introduced the Department of Commerce (DOC) staff who oversee the Coal Board: Jennifer Olson, Community Grants Bureau Chief; Lisa Huff, Administrative Officer, Coal Board and Hard Rock Mining Impact Board; and Joanne Gilbert, Administrative Assistant. Chairman called to order the meeting of the Montana Coal Board at 8:30 a.m.

Roll call:

Jennifer Olson called the Roll. The following board members were present: John Williams, Chair, Dan Dutton, Vice Chair, Loren Acton, Marcia Brown, Chad Fenner, Ralph Lenhart, and Gerald Navratil.

Others Present:

Jim Atchison	SEMDC	Bryan Kott	Lame Deer School
Ed Auker	Big Horn County	Diane Lehm	Big Sky Econ. Dev.
Lori Benner	Crow Tribe	Tim Miller	Yellowstone County
John Bleth	City of Colstrip	Patty Nordlund	Yellowstone County
Bill Enright	City of Hardin	Larry Pinnow	Fort Smith WSD
John Doyle	Crow Tribe	Denny Salveson	Lame Deer Schools
Patty Dunn	Rosebud County	John Standish	City of Hardin
Dennis Fischer	Fort Smith WSD	Ryan Tooke	Rosebud Healthcare
Sidney Fitzpatrick, County Commissioner	Big Horn County	Larry Vandersloot, Public Works Director	City of Hardin
Mayor Rose Hanser	City of Colstrip	Kristen Wester	Big Horn County
Tom Hanser	City of Colstrip		

Opportunity for Public Comment

As requested by the Coal Board at the last meeting, John Bleth, Public Works Director, presented and described the floor plans of the City Shop in Colstrip. Bids received were too high, so they will re-bid in January. Mayor Hanser asked if the grant would still be eligible if construction doesn't start until next spring. Jennifer Olson explained that once the contract was executed between the Department of Commerce and the City of Colstrip, the funds were secured and the scope of work can proceed. If the scope of work changes, the contract's conditions will need to be amended.

Jim Atchison, SEMDC, provided updates on previously funded projects:

- Ashland Fire Department's Preliminary Architectural Report is temporarily delayed due to fire.
- Equipment funded last year by the Coal Board was used during the Ash Creek Fire.
- The Powder River Growth Plan should be completed within the next three months.

Jim invited the Coal Board to attend the 9th Annual Energy Open Conference and Golf Tournament to be held August 9-10, 2012 in Colstrip.

Patty Nordlund announced that Yellowstone County's Public Works plans to submit an application for a railroad maintenance project near Signal Peak Mine with 21-mile Road.

Ryan Tooke, Rosebud Health Care Center, expressed his gratitude to the board. Additional funding has been received: USDA for \$2.1 million; CDBG-Economic Development for \$400,000; and \$100,000 from the Foundation. Ryan invited the Coal Board to hold their meeting at the facility once it's completed. Chairman Williams congratulated Ryan on the project's success and agreed that the Coal Board will tour the facility in the near future.

Approval of Minutes

Action: Motion made by Chad Fenner and seconded by Dan Dutton to approve the minutes of the April 20, 2012 meeting was approved as presented.

Current Project Updates

Jennifer provided updates on these Coal Board projects:

Rosebud Health Care Center, approved January 20, 2012, received and secured Rural Development funding. Department of Commerce will execute the contract. Several draw requests have been processed. Many of the previous meeting's approvals have been executed into contracts.

Powder River County applied to the Coal Board at the April, 2012 meeting for a digital fingerprinting machine. The board requested they attend this meeting to further consider their application. However, the county sent a letter on May 8 withdrawing their request for funds.

There are currently 47 open projects.

Budget & Financial Report

Jennifer Olson presented the Budget & Financial report. For the 2013 biennium, the Coal Board was awarded \$5.9 million by the legislature. From the requests awarded, there remains a balance of \$608,239. However, a discrepancy was discovered and there is a question to the accuracy of this amount. The correct balance will be provided at the next board meeting. Five applications, totaling \$463,442, were received for the board's review.

Lame Deer previously applied for updated restrooms for their gymnasium; however, they have rescinded the grant award of \$175,239. A new application for \$175,239 to finish construction on the elementary school library was submitted.

NEW BUSINESS

Application #0715 – Big Horn County Communications Project - Requested and Awarded \$35,000

Ms. Olson presented the Big Horn County request for funds to assist in the purchase of digital portable radios for the Sheriff's deputies and emergency staff. Project costs is estimated at \$666,000. The request submitted to the Board is for 5% of the project. Big Horn County committed \$519,832 for this project. As of May 17, 2012, the Montana Department of Emergency Services recommended they fund

\$111,000 for this project. The County's audit is current and they use an approved accounting system.

Sidney Fitzpatrick, Big Horn County Commissioner, expressed support for this project as well as applications: #0716 City of Hardin; #0717 Crow Tribe of Indians; and #0718 Fort Smith Water and Sewer District.

Ed Auker, Department of Emergency Services Coordinator, stated the Deputies' radios are outdated and must be replaced. The proposed radios are narrow band compatible, digital capable, and encryptable.

Mr. Navratil inquired what they did until now. Mr. Aucker replied he was active in the Interoperability Montana (IM) program when homeland security monies were available. Once IM started building microwave towers across the state the funding stopped.

This project is coal-impact related as the Sheriff's deputies patrol the entire county, including residential areas where miners live.

Action: Motion made by Dan Dutton to fund the project at the full amount of \$35,000. Mr. Acton seconded the motion. The motion passed with Mr. Fenner abstaining.

Application #0716- City of Hardin – Wastewater Treatment Facility – Requested \$150,000 and Partially Awarded - \$100,000

Ms. Olson presented the City of Hardin request for funds for architectural and engineering design work, as well as activity funds to modify and install an updated rotating drum screen, pumps, rails and related equipment. Project cost is estimated at \$304,000. The request submitted to the Board is 49% of the project. The City committed \$154,000. The City's audit status is current and they use an approved accounting system.

Bill Enright, Interstate Engineering, stated the City needs to replace the rotating drum screen and the main lift station. John Standish, Lead Operator of wastewater plant, stated they are continuously rebuilding pumps, and without a lift station they cannot dispose of digestive sludges.

Larry reported the plant is very well maintained. They are building reserves for the plant and entire sewer system.

The entire project is coal-impacted as the majority of the miners live in the Hardin area.

Bill stressed it is critical they get a new lift station – could get by with \$100,000.

Action: Motion made by Mr. Dutton to fund the project at \$100,000 to upgrade the lift station. Mr. Navratil seconded the motion. Motion passed unanimously.

Application #0717- Crow Tribe of Indians –Chlorine Room Renovation Project – Requested and Awarded \$46,250

Ms. Olson presented the Crow Tribe of Indians request for funds to renovate the chlorine room of their water treatment facility. This project includes the installation of a fiberglass shelter, a functioning thermostat, baseboard heat, and a fan for ventilation. Project cost is estimated at \$47,850. The

request submitted to the Board is 97% of the project. Indian Health Services committed \$1,600 to this project. The Crow Tribe of Indian's audit status is unknown

John Doyle, Apsaalooke Water and Wastewater Authority, stated the current treatment room is BIA-owned. There have been serious risks to public's health and safety because the water isn't being chlorinated when it's taken from the river.

Chairman Williams stated in the past, several awards have been granted to the tribe especially for water and wastewater projects. Currently, they have access to \$442,000 – none have been drawn down. Mr. Doyle stated they are in process of getting Phase III bid out and putting the financial package together.

Action: Motion made by Mr. Navratil to fund this project at the full amount of \$46,250. Mr. Fenner seconded the motion. Motion passed unanimously.

Application #0718 – Fort Smith Water & Sewer District – South Well Emergency Replacement – Requested and Tabled

Ms. Olson presented the Fort Smith Water and Sewer District request for funds for a replacement well. The main well of the public water system for the Yellowtail portion of the Fort Smith Water & Sewer District was contaminated with a hazardous chemical. Drilling for the replacement well began during the third week of March and was completed mid-April, 2012. The completion of the well pump installation, testing and connection to the distribution system was completed the last week of May, 2012. Total cost for this project was \$113,906. The request from the Board is 50% of the cost of the project. The district has committed \$56,953 (50%) to this project. The district's audit status is current and they use an approved accounting system.

Dennis Fischer, President of Fort Smith W&S Dist., stated funds used to pay for this project were originally set aside to update the sewer PER and to televise the sewer pipes. A Special Assessments bond (part of the water improvement project) had to be re-written and the cost of this emergency project has created a burden on the community. The district was required to set up a reserve account by the USDA board. Sewer problems are acute and next to the Big Horn River. Because of the costs associated with the well's emergency replacement, they delayed getting the PER together. The community needs to move forward with the water and sewer projects.

George Robbin, Water Board and operator, stated there's serious costover runs for water system. They have used all of the reserve funds to finish the project. Mr. Dutton expressed that the project request should be for a PER and the sewer issues. They should also seek other funds through the legislature for water and sewer projects.

Jennifer reported that TSEP emergency funds have a balance of \$100,000 for the 2013 biennium. The applicant might also check with DNRC about emergency funds.

Tying the project to coal impacts, George stated many families around Frozen Lake haul water from the lake as the water along the river is contaminated.

Mr. Navratil requested to table the application.

Action: Motion made by Mr. Navratil to table the project at this time. Mr. Dutton seconded. Mr. Navratil stated the applicant didn't address the community's needs. Mr. Dutton suggested they re-work the application and seek funding through the Department of Commerce. However, if funds aren't available, they could return to the Coal Board. Chairman Williams agreed and stated Department of Commerce staff are available to research other funding sources. The motion was tabled with Mr. Fenner abstaining.

Application #0719 – Lame Deer Public School District – Elementary School Construction Project – Requested and Awarded \$175,239

Ms. Olson reported that the previous application (#0693) and resulting grant monies of \$175,239 awarded at the September 2011 board meeting have been rescinded by the school district. The Lame Deer Public School District is requesting the funds from their previous award to complete construction in the school's library. The estimated cost for this project is \$175,239. The request submitted to the Board is 100% of the project. The district's audit status is current and they use an approved accounting system.

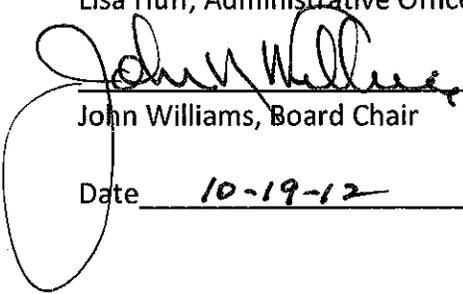
The grant would pay for finishing the interior walls and carpeting. The new library will not flood. Drains will be placed in the outer-lying floodplain.

Bryan Kott, School Superintendent, explained the School District is not eligible for certain funds and have no tax base. Mr. Acton questioned why the request was for exact amount. Mr. Kott stated \$175,239 was their original estimate for the school's library. Material costs have not changed since the bid.

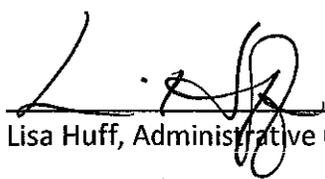
Action: Motion made by Mr. Dutton to fund the project at \$175,239. Mr. Acton seconded. Mr. Navratil stated although there's not much local contribution, the school district has made a great contribution to get the project going; 12.4% of students have coal impact connections; and it's very meritorious. Mr. Acton expressed that if students don't receive education, then the Coal Board hasn't done its job. Motion passed unanimously.

Adjournment - With no other business, the meeting was adjourned by Chairman Williams at 11:45 A.M. The next meeting will be October 19, 2012 in Billings.

Respectfully submitted,
Lisa Huff, Administrative Officer



John Williams, Board Chair



Lisa Huff, Administrative Officer

Date 10-19-12

Date 9/28/12