

**Montana Coal Board**  
**Meeting Minutes**  
**September 25, 2015**  
Billings, MT

**Board Members Present**

Chairman John Williams, Vice-Chair Loren Acton, Ralph Lenhart, and CJ Stewart.

**Board Members on Conference Call**

Dan Miles

**Montana Department of Commerce Staff Present**

Jennifer Olson, Grants Bureau Chief, Ethan Stapp, Acting Coal Board Administrative Officer and Amy Peck, Administrative Assistant.

**Public present:**

Karen Sweeney	Snowy Mountain Development Corp
Jim Atchison	SE Montana Development Corporation
Chad Sealey	Roundup Public Schools
George Real Bird III	Big Horn County
Robert Goffena	Musselshell County
Rose Hanser	Colstrip Mayor
Scott Aspenlieder	Fort Smith Water Sewer District
John Doyle	Crow Tribe
Nicole Borner	Musselshell County
Jill Cook	Morrison-Maierle
Carl Jackson	KLJ Engineering
Geraldine Custer	
Travis Jones	Broadview VFD
Donny Morton	Broadview QRU
Ryan Tooke	Rosebud Health Care
Russell Dill	City of Hardin
Bryan Adolph	Musselshell County
Kathie Bailey	Snowy Mountain Development Corp
Frances Pretty Paint	
Sandy Kust	Fort Smith Water Sewer District
Wilbur Spang	
Lonnie Little Bull	Lame Deer
Kevin Rosenthal	
Suzanne Thomason	
Bill Parker	Lame Deer
Billy Lynch	Coneer Engineering
Don Christman	Lockwood Schools
Tobin Novasio	Lockwood Schools
Rob Guzman	Lockwood Schools
Turrie Jo Small	Crow Tribe
Dianne Lehm	Big Sky Economic Development
Jason Strouf	Custer County
Steve Small	Cheyenne Tribe
Greg Benjamin	Stahly Engineering

**Montana Coal Board  
Meeting Minutes  
September 25, 2015  
Billings, MT**

Sidney Fitzpatrick	Big Horn County
Glenn Logan	Western Energy
Chad Fenner	Big Horn County
Jeff Okerman	
Stacy Klippenstein	Miles City
Sue Taylor	
Lisa Smith	MCC
Bill Hodges	Big Horn Hospital Association
Roy Bellew	Fort Smith

**Welcome – Call to order**

Chairman Williams called to order the meeting of the Montana Coal Board at 8:36 a.m.

**Roll call:**

Mr. Stapp called the Roll for Board members. The following board members were present: Chairman John Williams, Ralph Lenhart, Tim Schaff, and Veronica Small-Eastman. On the phone was Dan Miles. CJ Stewart was delayed.

**Comments from the Chairman John Williams**

Prior to hearing public comments Chairman John Williams made comment on the number of applicants and the need to be mindful of the 10 minute time limit for comments. He reviewed again the memo from Director Meg O'Leary that was presented at the June 2015 meeting and with funds low, gave applicants the option of withdrawing without prejudice until further funding becomes available. All will be heard and then awards will be decided.

**Opportunity for Public Comment**

The following individuals provided comments:

- Chad Fenner - Big Horn County, if the county withdraws, do we have to reapply and is our application on record?
- Jim Atchison – SEMDC, thank you from Treasure County for the ambulance that was able to be purchased. Town of Broadus thanks the Board for the Flood Plain mapping grant. Gave a review of the 12<sup>th</sup> Annual Energy Open. (handouts)
- Kathie Bailey – Snowy Mountain Development Corporation, welcome to the new board members and to Mr. Stapp. Mr. Pratt will be missed. We attended the NACO Conference in Colorado regarding Coal Communities impacted by the Coal Industry. Our coal industry is critical and hopes the Board will help carry the message that coal is vital. How does the Board envision the funding in the next five years so that we can guide our clients?
- Rose Hanser – Mayor of Colstrip, contract is signed for the award given in June. Engineering and Geo Technology is moving right along and we will be ready to start in 2016 construction season. Thank you to the Board for all you do.
- Chad Sealey – Roundup Superintendent of Schools, we are starting our project and hope to have photos soon. The elementary school construction is moving right along. Thank you for the support.
- Keith Holmlund – Custer County Commissioner, thank you for funds awarded for the county jail and the rock crusher. It is all much appreciated.
- **Comments from the Board** – Applicants who withdraw will reapply by sending a letter stating they wish

**Montana Coal Board**  
**Meeting Minutes**  
**September 25, 2015**  
 Billings, MT

to reapply. The whole packet of materials will not need to be re-sent. The Board appreciates all the work from the applicants. Also, when presenting, please provide only the pertinent information as pertains to the statute in order to maximize time.

**Approval of Minutes (June 12, 2015)**

**Action by the Board:** Mr. Lenhart made a motion to approve the minutes. Mr. Schaff seconded. Meeting minutes were approved.

As part of the budget presentation, Ms. Olson provided comments on the financial memo from Director Meg O'Leary and clarification on new developments regarding funding as it pertains to HB 228, HB 2, and HB 3.

**Budget & Financial Report**

A)

- Money appropriated for the 2015 Biennia: \$ 3,918,811
- Coal Board funds awarded thus far: \$ 3,918,811
- Balance of available funds: \$ 0

B)

	<u>July '15 – June '16</u>	<u>Contingent</u>	<u>Total</u>
➤ Money appropriated for the SFY 2016:	\$2,463,539	\$996,949	\$3,460,488
➤ Coal Board funds awarded so far:	\$2,194,440	\$ 0	\$ 0
➤ Balance of available funds:	\$ 269,099	\$996,949	\$1,266,048

	<u>July '16 – June '17</u>	<u>Contingent</u>	<u>Total</u>
➤ Money appropriated for the SFY 2017:	\$2,555,267	\$948,668	\$3,503,935
➤ Coal Board funds awarded so far:	\$ 0	\$ 0	\$ 0
➤ Balance of available funds:	<u>\$2,555,267</u>	<u>\$948,668</u>	<u>\$3,503,935</u>

Total:	\$5,018,806	\$1,945,617	\$6,964,423
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**Approval to accept the Budget**

**Action by the Board:** Mr. Lenhart made a motion to accept the Budget. Mr. Schaff seconded. Budget was approved.

**Project Updates**

- Number of projects awarded since the beginning of the 2017 Biennia: 9
- All but one of these projects have fully executed contracts.
  - Awaiting new Scope of Work for #0771 City of Roundup Water System Upgrade.
- There are currently 23 open contracts 4 of which are pending closeout.
- **Correspondence**
  - i. Letter of gratitude Musselshell County
  - ii. Letter of gratitude from Hawk Creek VFD

**Montana Coal Board**  
**Meeting Minutes**  
**September 25, 2015**  
Billings, MT

**Program Administration**

**Update of Designated Impact Areas**

- Ms. Olson – handouts are available for the public. This report is important as at least 50% of Coal Board funds must go to these designated impact areas. An email was sent to the public inviting them to provide comments or feedback. We received no comments.
- **Questions and comments from the Board** – Judith Basin and Sweet Grass Counties have now been added but why? What occurred in this process that has allowed them to become eligible?
- Ms. Olson – GIS mapping has clarified boundaries.
- Mr. Stapp – Statute designates how the impact area is defined. One of the criteria's is that some portion of the county must be within 100 miles of a mine or coal burning facility on an all season drivable roadway. The Statute is found at MCA.90.6.207.

**Action by the Board:** Mr. Lenhart made a motion to accept the Draft as now Final on the Designated Impact Areas Report. Mr. Schaff seconded. Motion passed.

**Old Business**

There was no old business.

**New Business**

After a short recess, Chairman Williams began by stating that after the opportunity for applicants to make a decision whether to withdraw their applications, now would be the time to state the decision. Also, if applicants withdraw, please follow up to the Department of Commerce with a letter. Your application will be held and affords time to strengthen your application prior to new funding in July 2016. He also noted that the Board will hold another meeting in December as usual with an Orientation for new members.

**Application #0775 City of Forsyth – Sewer Vacuum Truck Purchase**

- The applicant withdrew.

**Application #0776 Lockwood Elementary School District – Roof Replacement Project**

- The applicant withdrew.

**Application #0777 Big Horn County Hospital Association – PAR & Feasibility Study**

- The applicant is requesting \$81,000 to conduct a Feasibility Study and Preliminary Architectural Report (PAR) for building expansion.
- Sidney Fitzpatrick – Big Horn County, the county fully supports this application.
- Thor Torski – Big Horn County Hospital Board Member, presented a power point on the three phases of expansion the hospital desires to make. Thank you to the Board for your support in the past and requested the Board continues the vision with the hospital.
- **Questions and comments from the Board** – Staff recommended funding \$31,000 as \$50,000 could be available through the CDBG program. Several members could not support the application.
- Ms. Olson – an application was received through the CDBG program but not for \$50,000 although the applicant could discuss with planning staff regarding the amount as it does require a match of 1 to 3.

**Action by the Board:** Mr. Lenhart made a motion to fully fund the project at \$81,000. Mr. Miles seconded. Motion failed.

**Montana Coal Board**  
**Meeting Minutes**  
**September 25, 2015**  
Billings, MT

**Application #0778 Rosebud County – Electronic Medical Records System**

- The applicant is requesting \$169,000 to purchase an electronic medical record system for the clinic and nursing home.
- Ryan Tooke – CEO of Rosebud Health Care, thank you to the Board for previous awards. In 2008, the Bush Administration requested all to have electronic medical record keeping. One part of our facility is electronic, two parts are paper. If these two convert to electronic, same day service will be easier as well as transfers to outside providers. Prescriptions will be safer and faster. Commissioners have agreed to run a mill levy for the nursing home in support of what we are trying to accomplish.
- Dennis Kapitsky – Chairperson of Rosebud Health Care, thank you for previous awards to make our facility safer and more efficient as well as many other projects within the community. Extend an invitation to come by for a tour of all areas where we have used Coal Board funds.
- **Questions and comments from the Board** – there is quite a large sum of funds in Accounts Receivable. Could those funds be used toward this project? What is the degree of severity from an increase or decrease from coal? Are there possibilities of revenue from Otter Creek or Tongue River Railway? What is the plan if this application is not funded?
- Ryan Tooke – when Big Sky Mine was running, mills were \$96,000 but now are \$86,000 per mil. County is maxed in mills without a vote however; they have contributed quite a sum toward our projects in the past. Also at the time of this application there was still talk about the railroad but more recently this seems unlikely. Otter Creek is not in operation. If this is not funded, there may be a contingency through the bank. Appreciate any help the Board can give.

**Action by the Board:** Mr. Miles made a motion to fully fund the application. Mr. Schaff seconded. Motion failed.

**Application #0779 Custer County – Building Purchase for CDL Program**

- The applicant is requesting \$100,000 to construct or acquire a new facility.
- Julie Emmons – SEMDC, this application is being supported by Custer County and Miles City.
- Dr. Stacy Klippenstein – President of College, thank you to the Board and all supporters. I have letters of support for the Boards review (handouts). We need to improve the support to our community. We are a regional leader in heavy equipment training. Space is at a premium. We want to use the Old Armory for expansion and need the funding as the Buy/Sell agreement will expire at the end of October. 30% projected in growth in this region for this type of occupation.
- Glen Logan – Production Manager at Rosebud Mine & Western Energy Mine, it is vitally important to have highly trained individuals. Have had over 30 individuals from this program work for me through the years.
- Jim Atchison – SEMDC, the Infrastructure Needs List and SEDS List and the Governor's Main Street Program all recognize this need.
- Keith Holmlund, Kevin Krausz, Jason Strouf – Custer County Commission, give overwhelming support to this application.
- Jeff Okerman – Board member of Miles Community College Trustees, fully support the application.
- Representative Ken Oldman – HD 38, support this application.
- Representative Geraldine Custer – HD 39, you have my letter of support but as a past HR person, I come to support the training that is so necessary in this occupation field.
- **Questions and comments from the Board:** with limited funds, if we can't fund what are the alternatives? What effort has been made to reach out to Native communities concerning Work Force Development and the local colleges?

**Montana Coal Board**  
**Meeting Minutes**  
**September 25, 2015**  
Billings, MT

- Dr. Klippenstein – we would look at alternative funding such as low interest loans. And over the past 3 years, MCC has been part of a consortium with Little Bighorn and Chief Dull Knife Community Colleges to partner with them on work force training and funding.
- Julie Emmons – the one difficulty that we are up against is the expiration of the Buy/Sell with the Department of Military Affairs. If that deadline is missed, the building will go to auction.
- Jim Atchison – When Arch Coal was permitted, a coalition was established between MCC, Chief Dull Knife and Gillette Community College to work on work force training in anticipation of Otter Creek getting permitted.
- **Questions and comments from the Board:** with the availability of funding being so difficult for the applicant, and with MCC being under the Montana University System, why are you exempt from receiving funding from that system?
- Dr. Klippenstein – by statute, the community colleges are exempt from facility funding.

**Action by the Board:** Mr. Schaff made a motion to fully fund the application of \$100,000. Mr. Miles seconded.

- **Questions and comments from the Board:** \$100,000 is significant. Is there a way if the Board votes no that the Board could re-visit a denied application in order to give them funding? A winning vote can be re-visited if done before the meeting adjourns. If at the end of the day funds are left over, can we re-award? Where is the greater need? The Board needs to make the money go as far as possible.
- Dr. Klippenstein – the average income for this trade is \$22 - \$27 an hour. This has incredible pay back as \$2.20 comes back to the community.
- Bill Parker – Lame Deer Schools, the impact of this training covers not just students.

**Action by the Board:** Chairman Williams made a summary motion to fund \$50,000. Mr. Schaff seconded. Motion passed.

**Application #0780 Fort Smith Water & Sewer District – PER for Wastewater System**

- The applicant is requesting \$28,931 for a Wastewater System Master Plan and Preliminary Engineering Report (PER) for rehabilitation and replacement of these existing wastewater systems.
- Sidney Fitzpatrick – Big Horn County Commissioner, the county is in favor of this application as it does impact tribal and non-tribal populations as well as coal miners.
- Steve Seville – President of Fort Smith Water & Sewer District Board, Fort Smith is the gateway to Big Horn River and Yellowtail Reservoir. It is popular as a recreation destination. We need to plan for the future.
- Scott Aspenlieder – Engineer, we need to have a full assessment of damage that is currently present. Wastewater does not reach the treatment facility from households and we need the information as to why it does not.
- **Questions and comments from the Board:** if you do not receive funding now is there a problem with a delay? There are two systems here, one was privately done and one by the Federal Government? Why are there no tribal members on your board? Tribal facilities and population are in the area and are in support of this application.
- Scott Aspenlieder – because of other application cycles like TSEP and RFP, where applications are due in April or May, the PER needs to be completed by then.
- Steve Seville – there is a federal wastewater system in that same area. We approached the Bureau of Reclamation and received no help from them as their system is working fine and so did not want to partner with us into one system. As for tribal members, the board is publically elected. There are two positions up this fall.
- **Questions and comments from the Board** – Discussion about Water District being established in 2001

**Montana Coal Board**  
**Meeting Minutes**  
**September 25, 2015**  
Billings, MT

(discussion of board makeup) and the work that is required with the tribe regarding water rights. Have all permits been received? And if the federal government is not involved then how are the federal permits legitimate? Is Big Horn County going to help fund this project? In the application it is stated there is currently a \$1 million debt for a water project. Did the problem not get addressed with that project?

- Dennis Fisher – water permits were obtained back in the 1960's when the dam was first built and have been on record since that time. All water rights are being adjudicated within the state.
- Steve Seville – all water rights have been established and are registered with the State of Montana.
- Sandy Kust – Secretary for Fort Smith Water & Sewer District Board, we approached the county and they will be helping with construction activities through TSEP and DNRC funding. We will be dealing with the Crow Tribe as we have a lease with them for the drain field. Further communication will be occurring. As for the \$1 million debt, that was a potable water project not for wastewater.

**Action by the Board:** Mr. Miles made a motion to fully fund the application of \$28,931. Mr. Lenhart seconded. Motion failed.

**Application #0781 Musselshell County – Social Services Building Construction**

- The applicant withdrew.

**Application #0782 Lame Deer Public Schools – High School Heating System**

- The applicant is requesting funds of \$184,140 to replace all heating units, install water condensation lines, and replace the undersized propane lines.
- Bill Parker – Superintendent of Lame Deer Schools, the school district supports this application as it is an emergency. Staff caught a problem before a fire started or created a carbon dioxide concern. Also, the engineering estimate is lower than expected so the requested application amount can be lowered.
- Bill Lynch – Coneer Engineering, this system has many problems and is now at a crisis point. For children to be safe, warm and dry is our number one priority.
- Kevin Rosenthal – HVAC services, parts of this system cannot be turned back on at this point. More parts will fail. Exhaust is backing into the school rooms making teachers and kids sick. Five units are down, other parts of the system did a self-shutdown.
- Wilbur Spang – Maintenance Director for the school, we have had problems since the beginning as residential units were installed instead of commercial units.
- **Questions and comments from the Board** - Why the difference in the amount at this point?
- Bill Lynch – there was an accounting error that staff caught. The correct amount should be \$180,416.

**Action by the Board:** Ms. Small-Eastman made a motion to fully fund the application. Mr. Stewart seconded. Motion passed.

**Application #0783 Northern Cheyenne Tribe – PAR for Community Center**

- The applicant withdrew.

**Application #0784 Big Horn County – Hardin High School Pavement Replacement**

- The applicant withdrew.

**Application #0785 Big Horn County – Lodge Grass School Hill Street Improvements**

- The applicant withdrew.

**Montana Coal Board**  
**Meeting Minutes**  
**September 25, 2015**  
Billings, MT

**Application #0786 Big Horn County – Road and Fire Department Vehicle Replacement**

- The applicant withdrew.

**Application #0787 Crow Tribe of Indians – Phase 3c Wastewater Collection System**

- The applicant withdrew.

**Application #0788 Crow Tribe of Indians – Crow Tribal Arbor Construction**

- The applicant is requesting \$200,000 to construct a larger and more sturdily built Arbor to mitigate risks to health and safety, provide a safe and spacious venue for cultural events and gatherings, and enhance the tourism industry associated with Crow tribal events.
- George Real Bird III – Representative for Crow Tribe, Crow Fair is the third week of August and approximately will have 13,000 members attend. The design is complete. We need help with the construction.
- **Questions and comments from the Board** – Are the other funding opportunities applied for promising? If funding from this board waited until next July, what would be the impact? Do any schools use the fairgrounds? Why is the engineering so high? Currently only have \$38,683 left available.
- George Real Bird – we have other funding opportunities submitted and we are hopeful and should know soon. We hope to have all funding in place by spring so that construction can start as early as possible. Also, Hardin usually hosts the cross country track meet at the grounds as well as the Boy Scouts have a Pow-wow, and others. And the engineering costs are due to campground roads and access.
- Turrie Jo Small – Crow Tribe, we want to emphasize that two Tribes, Crow and Northern Cheyenne, sit in the middle of coal country. This is not just about tourism but also it is cultural and very important. Any amount the Board is able to give helps with other funding partners.
- **Questions and comments from the Board** – What is the cap to the tribes? This is a critically important project to the tribes due to safety concerns at the current site and should be considered. Crow Tribe lost \$6 million in revenue just recently. The Crow Fair brings a critical influx of money into the State.
- Ms. Olson – by statute the Board can only fund 7% of the total available funds in a fiscal year to tribes. Of the 2.4 million available for FY 2016, \$172,000 would be the maximum available to award for this fiscal year if funding is available to award.

**Action by the Board:** Chairman Williams made a summary motion to table this application until July 2016 meeting. Mr. Schaff seconded. Motion failed.

**Action by the Board:** Mr. Miles made a motion to award the remaining balance available of \$38,683. Ms. Small-Eastman seconded. Motion passed.

**Application #0789 Lodge Grass Public Schools – Football Field and Track Reconstruction**

- The applicant withdrew.

**Application #0790 – Broadview Fire District – Fire Hall Addition and Renovation**

- The applicant is requesting \$125,000 to fund administrative, design, and construction costs associated with this building project.
- Donny Morton – President of Broadview Quick Response Unit (QRU), we have brought letters of support and an itemized report from our contractor (handouts). We are trained to respond to coal train accidents and hazard material incidents and cover a broad area.
- Travis Jones – Chief of Broadview Volunteer Fire District, we service calls in four counties. We do

**Montana Coal Board**  
**Meeting Minutes**  
**September 25, 2015**  
Billings, MT

receive mills from all four of these counties and try to set aside any left over for needs such as this.

- **Questions and comments from the Board** – what will you do if this application is not funded?
- Donny Morton – we will continue as we are for now. We will be applying for USDRD funds in November.

**Action by the Board:** Mr. Miles made a motion to table this application until the July 2016 meeting. Mr. Stewart seconded. Motion passed.

**Application #0791 Big Sky Economic Development Authority – Coal Country Regional Plan**

- The applicant is requesting \$25,000 as a partial match for a Big Sky Trust Fund (BSTF) grant of \$25,000 and an EDA POWER grant request of \$50,000.
- Jim Atchison – SEMDC, coal production is a mainstay in Montana and the state is 7<sup>th</sup> in the nation for coal production. Last year 44 million tons were produced which is 25% of the country's coal. 1200 directly employed people in this state in the coal industry. This project is on all four of the Needs Assessment lists of each of the economic developers who are part of this coalition. (handouts)
- Steve Arveschoug – Big Sky EDA, the goal is that all would understand in the broadest and most comprehensive way how coal impacts Montana. As economic developers we want to address many important points that impact this state.
- Kathie Bailey – SMDC, this idea came from the Montana Chamber of Commerce. They are financially invested in this coalition. Job Service, Department of Labor and Industry and others are invested in time and energy. The coal industry themselves are not involved so that the plan will be neutral, true data. If we wait too long to do this project, the relevancy may be diminished.
- **Questions and comments from the Board** – applaud your efforts. This project will help and potentially impact all communities. Has the Montana Chamber of Commerce provided any funds toward this project? Could this report be used negatively? Where would we be without this very important resource? What would happen if we don't fund this application?
- Kathie Bailey – the Chamber has given funds. My board has agreed to apply funds to this project as it is so important. Big Sky Trust Fund (BSTF) could potentially help more.
- Sue Taylor – Beartooth RCND, choosing to do this project is a way to be proactive against the war on coal.

**Action by the Board:** Mr. Miles made a motion to table this application until the July 2016 meeting. Mr. Lenhart seconded. Motion passed.

**Board Matters:**

- Ms. Olson – setting the board meetings for the biennium will be helpful to the public and board members alike for scheduling purposes.
- The next meeting is scheduled for December 4, 2015, in Colstrip, MT. There will be an orientation for the Board and its new members on the 3rd along with potential tour of Colstrip Mine and/or other board grantees projects, with the board meeting being held on the 4<sup>th</sup>.
- Mr. Stewart requested an update on past awards for the orientation meeting to have on record what the Board has accomplished within Montana communities.
- Chairman Williams requested to have the tabled and withdrawn applications as New Business for the December meeting.
- Mr. Miles requested that all tabled and withdrawn applications be treated equally for funding considerations by the board.

**Montana Coal Board**  
**Meeting Minutes**  
**September 25, 2015**  
Billings, MT

**Action by the Board:** Mr. Lenhart made a motion to have the withdrawn and tabled applications as New Business. Mr. Schaff seconded. Motion passed.

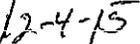
- There is still a board member vacancy. This will need to be filled by an attorney. There will be an election of vice-chairman added to the agenda.
- The review of Application Guidelines should be added for discussion on the December agenda.
- Board members requested that the orientation meeting include review of, and updates on the Mill Levy, County Designation, and the Application Guidelines.
- Karen Sweeney – SMDC, can we get a clarification for the process for those applicants who withdrew? Do we submit a letter requesting that the application be reconsidered or do we completely reapply?
- Chairman Williams – those applicants who withdrew can follow up with a letter to staff stating that the application is active. This will also give time for applicants to strengthen their application.
- Ms. Olson – applicants can submit a letter any time before the board meeting prior to the 10 day cutoff as stated in the ARM.

**Adjournment:**

With no other business, a motion was made by Mr. Lenhart to adjourn the meeting. Mr. Schaff seconded. The meeting was adjourned by Chairman Williams at 3:43 p.m. The board orientation is scheduled for December 3<sup>rd</sup> and the next board meeting scheduled for December 4<sup>th</sup>, 2015 in Colstrip, Montana.



John Williams, Board Chair



Date