

**MINUTES OF REGULAR MEETING  
OF BOARD OF DIRECTORS  
OF LOCKWOOD WATER AND SEWER DISTRICT**

**January 3, 2018**

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on January 3, 2018. President Carl Peters called the meeting to order at 7:00 p.m. in the conference room of the Lockwood Water & Sewer District Office, 1644 Old Hardin Road, Billings, Montana. The Board meeting was held a week early due to the anticipated absence of Manager Ariztia the week of January 8.

Present at the meeting were Board members Carl Peters, Merrill Walker and Stuart Deans. Board members Nancy Belk and Carlotta Hecker were absent. Also present were LWSD Manager Mike Ariztia, Assistant Manager Tony Reed, and Jill Cook of Morrison-Maierle.

**Attendance and Voting Record attached to minutes**

**PUBLIC COMMENT:**

None.

**APPROVAL OF MINUTES:**

Minutes of the December 13, 2017 Board meeting will be presented for review at the February meeting.

**NEW BUSINESS:**

**\* Approval of Western Municipal Construction Pay Application #2 for the Water Intake Project**

Western Municipal Pay Application #2 in the amount of \$588,857.50, was presented for payment for services performed as of December 22, 2017 on the Water Intake Project.

- I. Merrill Walker moved to approve Western Municipal Construction Pay Application #2 in the amount of \$588,857.50. Stuart Deans seconded the motion. Motion carried.

**Copy of Pay Application #2 attached to minutes**

**\* Resolution No. 146 – Resolution relating to \$2,000,000 water system revenue bonds series 2018, authorizing the issuance and fixing the terms and conditions thereof**

This Resolution pertains to funding for the Water Intake Project now in progress. Loan funds will be received from the DNRC State Revolving Fund on January 31, 2018. The first payment due the SRF will be July 1, 2018. Interest rate on the loan is 2-1/2%. Additional charges to the loan are the administrative surcharge, and a loan loss reserve that is included as part of the payment.

Stuart Deans read the Certificate as to Resolution and Adopting Vote into the record as follows:

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned being the duly qualified and acting recording officer of Lockwood Area/Yellowstone County Water and Sewer District, Montana (the "District"), hereby certify that the attached resolution is a true copy of Resolution No. 146 entitled: "RESOLUTION RELATING TO \$2,000,000 WATER SYSTEM REVENUE BOND (DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM), SERIES 2018; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF" (the Resolution"), on file in the original records of the District in my legal custody; that the Resolution was duly adopted by the Board of Directors of the District at a meeting on January 3, 2018, and that the meeting was duly held by the Board of Directors of the District and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Directors voted in favor thereof: Carl Peters, Merrill Walker and Stuart Deans; voted against the same: None; abstained from voting thereon: None; or were absent: Carlotta Hecker and Nancy Belk.

WITNESS my hand officially this 3<sup>rd</sup> day of January, 2018.  
Secretary

II. Merrill Walker moved to adopt Resolution No. 146 authorizing the issuance of DNRC State Revolving Fund Series 2018 water system revenue bonds in the amount of \$2,000,000, and fixing the terms and conditions thereof. Stuart Deans seconded the motion. Motion carried.

\* **Approval of Base Agreement with Morrison-Maierle to provide sewer-related engineering services on a task order basis.**

Jill Cook of Morrison-Maierle presented for approval an agreement entitled: "Agreement Between Owner and Engineer for Professional Services – Task Order Edition." The agreement provides that the District can either do an individual agreement for each sewer project to be done, or similar to the water side where there is a Master Agreement, the Board approves task orders for

the engineer to conduct specific work that's related to the original approved base order.

Phase 1 was a Master Agreement with Task Orders. Phase 2 was its own separate agreement throughout that project. When Morrison-Maierle performed design and construction on Phase 2, it executed a new stand-alone agreement because there was Rural Development funding, and RD requires use of a specially modified RD version of this contract, resulting in its own stand-alone agreement.

This base agreement allows Morrison-Maierle to perform tasks for the District specific to wastewater for a period of five years. The agreement states that the Board and the District are entering into an agreement with Morrison-Maierle to allow it to provide sewer-related engineering services for the District based on Board approved on a task order basis.

- III. Merrill Walker moved to approve Morrison-Maierle's Base Agreement for engineering services for five years on a Task Order basis. Stuart Deans seconded the motion. Motion carried.

**Copy of Base Agreement attached to minutes**

- \* **Approval of Task Order #1 to sewer base agreement. PER to plan for next phase of sewer expansion.**

Task Order #1, "2018 Wastewater Preliminary Engineering Report Update," requests Morrison-Maierle to prepare a Preliminary Engineering Report in accordance with the requirements of expected funding agencies to plan the next phase of the District's sewer expansion project.

- IV. Merrill Walker moved to approve Morrison-Maierle's Task Order #1 to start a PER for the next phase of sewer expansion in the amount of \$37,500. Stuart Deans seconded. Motion carried.

**Copy of Task Order #1 attached to minutes**

Manager Ariztia advised with regard to the TEDD that the County has approved the Infrastructure Master Plan. They are now putting together a TEDD Board. The structuring of the TEDD Board provides for one position to be filled by the Lockwood Water & Sewer District. The Board directed Manager Ariztia to apply for the position to serve on the TEDD advisory Board.

**OLD BUSINESS:**

None.

## **FINANCIAL REPORTS**

The Yellowstone County trial balance as of November 30, 2017 was \$21,559.40.

Financial reports attached to the minutes are: Check/Claim Detail for the Accounting Period November, 2017; Trial Balance with Revenue and Expenditures for the Accounting Period November, 2017, Statement of Revenue Budget vs. Actual for the Accounting Period Statement November, 2017; Statement of Expenditures - Budget vs. Actual Report for the Accounting Period November, 2017.

- V. Merrill Walker moved to approve payment of the bills submitted on the Check/Claim Detail List. Stuart Deans seconded the motion.  
Motion carried.

## **OTHER BUSINESS:**

### **\* Intake project update**

Jill Cook reported that work has been slow due to the cold weather conditions. Originally Western Municipal had planned on 66 hour weeks, or six 11-hour days a week, and that has not happened. Western has done all the surface demo, and now they are making their way down the hill incline pipe that leads to the horizontal HDPE pipe.

The pumps are at a depth of approximately 30 feet deep. There are now four separate pumps and the compressor is in the pump station. Both compressors in the plant have been rebuilt this year. The compressors will have the ability for set points, so that if you want to increase the pressure, you can when the river is higher. Jill advised that in getting the screen exposed, they have been able to determine exactly where the screen is. Upon completion of the project, the District will be provided with a complete set of submittals showing exactly what was provided, along with operation and maintenance manuals and construction photos. Jill offered to bring the complete set of plans in so the Board can review them.

## **MANAGER REPORTS:**

Manager Ariztia reported that the \$625,000 TSEP funding for the intake project was taken away from the District in a special legislative session in November. TSEP stated it was revising its contract and being reviewed by legal. The problem arose from budgetary shortfalls, and the District was told the state was trying to find ways to reduce that deficit. The Governor didn't want to touch any of the infrastructure projects and wanted to look at reducing the deficit in other ways.

The special legislative session determined that one of the reasons for the deficit was revenues coming in were lower than expected. The legislature decided to take a little over \$7 million out of the TSEP fund. This is the first time since the TSEP fund was created in the State of Montana, that it has ever been touched by the legislature. There is still the possibility that if

revenues come in higher than expected, or if other projects above LWSD on the list fall off, that the District would still have the ability to recover some of that funding.

To cover this loss, the District increased the amount to be borrowed from the SRF from approximately \$1.7 million to \$2 million, with the District increasing its contribution to cover the additional amount owing on the project.

The water pumping record is as follows:

December, 2016	21,504,300
December, 2017	18,814,100

Wastewater record:

November, 2016	3,436,312
November, 2017	4,164,116

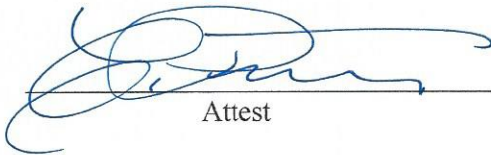
There has been no response from the City with regard to the District's request for a portion of the City's water reservation.

Montana Rural Water will have its annual conference in Great Falls February 21 through February 23, 2018. February 9 is the deadline for registration if any Board members wish to attend.

VI. Merrill Walker moved to adjourn the meeting. Stuart Deans seconded the motion. Motion carried.

There being no further business to come before the Board, the meeting was adjourned at 8:35 p.m.

The next Board meeting will be held on February 14, 2018.

  
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Attest

  
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Attest