

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

April 14, 2021

The regular meeting of the Lockwood Water and Sewer District Board of Directors was held on April 14, 2021. President Peters called the meeting to order at 7:15 p.m. in the Lockwood Fire Station Conference Room, 501 Johnson Lane, Billings, Montana 59101.

Present at the meeting were Board members' Carl Peters, Carlotta Hecker, Nancy Belk, Merrill Walker, and Stuart Deans. Also present was Manager Mike Ariztia, Assistant Manager Tony Reed, Jill Cook of Morrison-Maierle, and Evelyn Pyburn, *Yellowstone County News*.

Guests attending were Chuck Henrichs and Alan Vogt, representing Eagle Estates, LLC, and Gary Hecker, Lockwood resident.

Attendance and voting record attached to minutes

PUBLIC COMMENT:

None.

PHASE 3 SEWER PROJECT:

Manager Ariztia advised those present that this meeting comprised an abbreviated version of the last public hearing covering the PER (Preliminary Engineering Report) on July 9, 2020. The original extended presentation can be viewed on the LWSD Website.

Ms. Cook advised the data has been updated to show the single Phase 3 project, and the cost implications between the single Phase 3, 3A and 3B projects.

Manager Ariztia advised that as far as this presentations is concerned, one of the requirements of the Rural Development (USDA) application for potential funding, both loan and possible grant funding, is advertising in the local newspaper to give notice of a meeting outlining that the Phase 3 Sewer Project would be discussed along with the RD funding application.

Ms. Cook explained the background of the PER and the reasons that it needed to be performed. The Board is aware of the condition of many drainfields in the area and the amount of money and effort it takes to maintain them.

A map outlining the Phase 3 area was shown. The area contains quite a lot of residential area, primarily east of Johnson Lane. The plan is for gravity sewers so the topography is looked at for what they refer to as "sewer basins". Then flows are then projected for each of those basins. A preliminary layout of the whole Phase 3 area is available for viewing at the LWSD

office.

The entire Phase 3 area was originally broken into two phases, 3A and 3B. A Phase 3 planning boundary was established to use for establishment of estimated costs.

The current plan is to go forward with the combined Phase 3 project, which includes 3A and 3B. The entire cost is estimated to be just over \$20 million. The projected user costs for 830 (A and B combined) properties will be based on the assumption that LWSD will obtain the TSEP and RRGL grants. The user costs will appear on their property tax statements.

TSEP and RRGL are the funding agencies pursued to date. Other funding possibilities are being carefully watched. Representative Sue Vinton and Anna Miller of DNRC have been contacted and advised of the projects LWSD hoped to receive funding on.

There is some assistance available for low income households and especially senior citizens through RD.

The preliminary implementation schedule, the PER and the Facilities Plan are complete. The TSEP and RRGL applications are complete. The RD loan application is being finalized. It has been submitted, which will lock in the 1.75% interest rate. RD will be updating the 2015 census data, including household income, which is very important. Right now they are using 2010 data, and so the 2010 household income for the area has the District qualifying for an RD loan. Once it transfers to using the 2015 data, the income level will be too high, and that District will no longer qualify for a loan.

They are working on the Environmental Assessment and it will be done in May. The Environmental Assessment is also required for application purposes.

It will be a long project and will have to be coordinated as far as convenience to the public. The next step is to work with RD to finish the application for the loan. Further sources of infrastructure funding will be pursued. After that, the Board will want to establish the Phase 3 boundary and Morrison-Maierle will begin the design.

At the request of President Peters, Ms. Cook reiterated the items involved with property taxes and special assessment fees.

APPROVAL OF MINUTES:

The minutes of the March 10, 2021 Board meeting were presented for approval. No corrections were noted.

- I. Carlotta Hecker moved to approve the minutes of the March 10, 2021 Board meeting as written. Nancy Belk seconded the motion. Motion carried.

NEW BUSINESS:

- * **Phase 3 Sewer presentation. Presentation will include explanation of the project to include the purpose and area of the project, activities, and possible funding pending with the USDA Rural Development.**

(See Page 1 of these minutes.)

- * **Request to extend District facilities for Emerald Eagle Estates Phase 2. The proposed extension would cover water mainlines, services and fire hydrants to service a maximum of 20 lots.**

Mr. Chuck Henrichs, Managing Member of Eagle Estates, LLC, presented a letter to the Board of Directors of LWSD requesting an updated extension for Emerald Eagle Estates, Phase 2 of their project. Phase 2 consists of 20 lots, and the main extension will be connecting to the mid-zone of the District system. The Board previously approved the extensions in August 2015, but the approvals have now expired and Emerald Eagles is requesting an updated approval. DEQ approval will be provided to the District upon receipt of same.

- II. Merrill Walker moved to approve the updated extension of facilities for Emerald Estates Phase 2. Nancy Belk seconded the motion. Motion carried.

Emerald Eagle Estates letter dated 4/5/2021 attached to minutes

- * **Resolution No. 163 - Resolution relating to \$5,750,000 water system revenue bond (DNRC Drinking Water State Revolving Loan Program), series 2021; authorizing the issuance and fixing the terms and conditions thereof.**

- III. Merrill Walker moved to adopt Resolution No. 163 relating to \$5,750,000 Water System Revenue Bond (DNRC) Loan Program, Series 2021. Nancy Belk seconded the motion. Motion carried.

Resolution No. 163 was presented to the Board for approval. Carlotta Hecker read the Certification 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. 163, entitled: "RESOLUTION RELATED TO \$5,750,000 WATER SYSTEM REVENUE BOND (DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM), SERIES 2021; 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 April 14, 2021, and that the meeting was duly held by the Board of Directors 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 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, Carlotta Hecker, Nancy Belk, and Stuart Deans; voted against the same: None; abstained from voting thereon: None; or were absent: None.

WITNESS my hand officially this 14th day of April, 2021.

Secretary

RESOLUTION NO. 163

RESOLUTION RELATING TO \$5,750,000 WATER SYSTEM REVENUE BOND (DNRC DRINKING WATER STATE REVOLVING LOAN PROGRAM, SERIES 2021; AUTHORIZING THE ISSUANCE AND FIXING THE TERMS AND CONDITIONS THEREOF

WHEREAS, pursuant to the Drinking Water State Revolving Fund Act, Montana Code Annotated, Title 75, Chapter 6, Part 2, as amended (the “Act”), the State of Montana (the “State”) has established a revolving loan program (the “Program”) to be administered by the Department of Natural Resources and Conservation of the State of Montana, an agency of the State (the “DNRC”), and by the Department of Environmental Quality of the State of Montana, an agency of the State (the “DEQ”). And has provided that a drinking water state revolving fund (the “Revolving Fund”) be created within the state treasury and all federal, state and other funds for use in the Program be deposited into the Revolving Fund, including, but not limited to, all federal grants for capitalization of a state drinking water revolving fund under the federal Safe Drinking Water Act (the “Safe Drinking Water Act”), all repayments of assistance awarded from the Revolving Fund, interest on investments made on money in the Revolving Fund and payments of principal of and interest on loans made from the Revolving Fund; and

WHEREAS, the Act provides that funds from the Program shall be disbursed and administered for the purposes set forth in the Safe Drinking Water Act and according to rules adopted by the DEQ and the DNRC; and

WHEREAS, the Lockwood Area/Yellowstone County Water and Sewer District, Montana (the “Borrower”) has applied to the DNRC for the 2021 Loan (as hereinafter defined)

from the Revolving Fund to enable the Borrower to finance, refinance or reimburse itself for a portion of the costs of the 2021 Project (as hereinafter defined), which will carry out the purposes of the Safe Drinking Water Act and to fund a deposit to the Reserve Account (as hereinafter defined); and

WHEREAS, the Borrower is authorized under applicable laws, ordinances and regulations to adopt this Supplemental Resolution and to issue the Series 2021 Bond (as hereinafter defined) to evidence the 2021 Loan with Recycled Money (as hereinafter defined) to evidence the 2021 Loan for the purposes set forth herein; and

WHEREAS, the DNRC will fund the 2021 Loan with Recycled Money (as hereinafter defined).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOCKWOOD AREA/YELLOWSTONE COUNTY WATER AND SEWER DISTRICT, MONTANA, AS FOLLOWS:

(Dated and signed on the 14th day of April, 2021, by the Board of Directors, Carl Peters, Merrill Walker, Carlotta Hecker, Nancy Belk and Stuart Deans.)

(Balance of Resolution contained in Articles I through XII, Appendix A, B, Registration and Transfer, Form of Assignment, Schedules A, B and C, available for review at the Lockwood Water and Sewer District office, 1644 Old Hardin Road, Billings, MT 59101.)

* **Approval of Pay Application #1 to Record Steel and Construction, Inc. (RSCI), for the 2020 Water Treatment Plant Upgrade Project.**

RSCI presented their first pay application for the Lockwood Water Treatment Plant Upgrade for services rendered 3/1/2021 through 3/31/2021, covering taxes, bonds and insurance in the amount of \$261,250,00.

IV. Merrill Walker moved to approve payment of RSCI's Pay Application No. 1 in the amount of \$261,250.00. Stuart Deans seconded the motion. Motion carried.

Copy of RSCI Pay Application No. 1 attached to minutes

* **Discussion and possible approval of proposal for long and short-term disability insurance.**

Tyler LeBaron of Guardian Life Insurance presented the Board with a proposal for short-term and long-term employee disability insurance. After review and discussion, the Board opted to obtain more information regarding the insurance. Manager Ariztia will contact LWSD's insurance representative to obtain additional quotes from other companies.

Guardian proposal attached to minutes

OLD BUSINESS:

None.

FINANCIAL REPORTS

The Yellowstone County Trial Balance was not available.

Financial reports attached to the minutes are: Check/Claim Detail for the Accounting Period March, 2021; Trial Balance with Revenue and Expenditures for the Accounting Period March, 2021; Statement of Revenue Budget vs. Actual for the Accounting Period Statement March, 2021, Statement of Expenditures - Budget vs. Actual Report for the Accounting Period March, 2021.

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

OTHER BUSINESS:

*** Water Treatment Plant Expansion Update**

Ms. Cook advised RSCI is mobilizing. They have their job trailers set up. They did some pot-holing to see where the water is, and right now it's about 11-1/2 feet. They are not planning to work at all the week of April 19 because they are waiting for materials to arrive. Start up is scheduled for April 26.

MANAGER REPORTS:

Pumping Record - Water:

March, 2020	25,063,300
March, 2021	19,589,000

Wastewater record:

February, 2020	4,351,116
February, 2021	4,063,136

Exxon Wastewater:

February, 2020	50,935,304
February, 2021	63,063,880

Manager Ariztia is still tracking HB-255. There have been several iterations of the bill. It has changed from rates and arbitration and mediation to Board compositions and filling vacancies. There was a hearing today and the second reading concurred as amended. The vote was 30 yes, 20 no. The latest version gives back the ability to fill positions to the Board.

One other provision stated that if the District (any district) increased rates by less than 5%, it didn't have to go through the whole rate setting process. That was eliminated from the bill and then reinserted.

Another matter Manager Ariztia is following is a proposed joint resolution of the Senate and House of Representative requesting an interim study to review and assess current government structure of county water and/or sewer districts. The committee's executive action bill passed on the 8th with a vote of 16 to zero.

President Peters expressed his concern with SB-358, repeal of nutrient standards for water. There's also a sprinkler residential provision that prohibits state codes requiring sprinklers in residential. Manager Ariztia will look the bills over.

SB-403, revised county water and sewer district rate notification laws to notify property owners at public hearing allowing county to charge for distribution rates. Manager Ariztia believed it was specific to the fee the counties can charge to obtain the addresses and names of everyone in the district.

Nancy Belk advised she will bring an article to Manager Ariztia regarding the bathing of dogs, insofar as the flea and tick products contain insecticides that are being used getting into the wastewater and may affect the aquatic flora.

President Peters said there is one more bill that was passed, it's revise the laws for use of reclaimed wastewater for snow making". It's at the legislature.

Manager Ariztia asked for the Board's opinion on opening up the main lobby of the office back to the public May 1st. The Board was in agreement, the lobby will be opened May 1.

ADJOURNMENT:

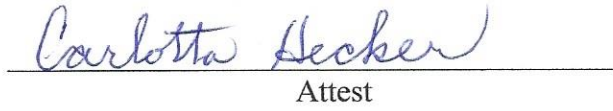
VI. Nancy Belk moved to adjourn the meeting. Carlotta Hecker seconded the motion. Motion carried.

There being no further business to come before the Board, the meeting was adjourned at

8:40 p.m.

The next Board meeting will be held on May 12, 2021.


Attest


Attest