

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

October 8, 2025

Call to Order:

The regular monthly meeting of the Lockwood Water and Sewer Board of Directors was held on October 8, 2025. Board President Carl Peters called the meeting to order at 7:00 p.m. in the Lockwood Water and Sewer District Office, 1644 Old Hardin Road, Billings, Montana 59101.

Introductions:

Present at the meeting were Board members Carl Peters, Carlotta Hecker, Brent Kober, Scot Bowen and Gary Forrester. Also present was LWSD Manager Mike Ariztia, Assistant Manager Tony Reed, Engineers Jill Cook and Stephanie Seymanski of Morrison-Maierle, Inc., and Evelyn Pyburn, *Yellowstone County News*.

Public Comment:

1. **Any member of the public may be heard on any subject that is not on the agenda.**

There were no public comments.

Approval of Minutes:

2. **September 10, 2025**

The minutes of the September 10, 2025 Board meeting were presented for review and approval. Paragraphs 5, 6 and 7 were revised to include the name of the Engineer, Morrison-Maierle, Inc.

Page 3, Phase 3 Sewer Project Update, correct the preconstruction meeting schedule date to **September 30, 2025**.

- I. Gary Forrester moved to approve the September 10, 2025 Board minutes with the corrections as noted above. Scot Bowen seconded the motion. Motion carried.

New Business:

3. **Approval of Petition for Inclusion into Water District #1 and Sewer Service District #1 from Billings Johnson Lane Misc Re LLC, COS. 2928 Parcel:1. LWSD approval will be contingent upon approval of the City of Billings to expand the District Sewer Boundary to include the property.**

James M. Kenneally, Manager of Billings Johnson Lane Misc. Re LLC, presented a Petition for Inclusion of Tract 1, COS 2928 into Water District #1 and Sewer Service District #1. The Board was agreeable to the Petition for Inclusion; however, final approval is contingent upon approval of the City of Billings to expand the District sewer boundary to include the property.

- II. Scot Bowen moved to accept Tract 1, COS 2928 into Water District #1 and Sewer District #1, contingent upon the approval of the City of Billings to expand the District Sewer Boundary to include the property. Carlotta Hecker seconded the motion. Motion carried.

4. Discussion and possible award of the construction contract for the Lockwood Water and Sewer District Mid-Zone Tank Project. Award will be contingent upon funding agency approval.

Bids for the Mid-Zone Water Storage were received by Morrison-Maierle, Inc., on August 28, 2025. There were three bids received for Schedules 1, 2, and Total Base Bid. Total Base Bids were from Western Municipal Construction, \$3,463,067; Askin Construction, \$3,621,140; and COP Construction, \$3,979,535. Bids were reviewed by the Engineer, Morrison-Maierle, Inc., who recommended the bid be awarded to the low bidder, Western Municipal Construction. The award is contingent upon an approved certificate of survey and funding agency approval.

Board Member Scot Bowen abstained from voting due to a professional relationship with Western Municipal Construction.

- III. Brent Kober moved to award the entire Mid-Zone Water Storage project to Western Municipal Construction, LLC, in the total base amount of \$3,463,067, contingent upon funding agency approval. Carlotta Hecker seconded the motion. Motion carried.

5. Discussion and Approval of Amendment No. 2 to Task Order No. 22 of the Water Master Agreement relating to the Mid-Zone Tank Project.

The original effective date of the Task Order Agreement was July 12, 2023, between Owner, Lockwood Water & Sewer District, and Engineer, Morrison-Maierle, Inc., relating to the Mid-Zone Tank Project. Task Oder No. 2 was specific to engineering design and bidding services.

Amendment No. 2 to the Agreement is to modify the services of Engineer, to include construction and post construction phase services. For these modifications, the District will pay additional or modified compensation in the amount of \$346,000, to be billed on an hourly basis.

The estimated duration is Construction, November, 2025 – October, 2026; Post-Construction November, 2026 – November, 2028.

- IV. Scot Bowen moved to approve Amendment No. 2 to Task Order No. 22 of the Water Master Agreement between Lockwood Water & Sewer District and Morrison-Maierle, Inc., relating to the Mid-Zone Tank Project. Compensation is not to exceed \$346,000, and to be billed on an hourly basis. Brent Kober seconded the motion. Motion carried.

6. Discussion and Approval of an agreement with Raftelis to provide services related to a Water and Sewer Rate Study update.

By letter dated September 29, 2025, Raftelis presented a comprehensive outline of its proposal to update the original 2017 rate study and the 2021 updated rate study. Raftelis will provide a description of water and sewer utility systems, service area and demographics; a summary of annual water and sewer revenue requirements, key findings, drivers, and recommendations; overall test-year cost from various customer classifications associated with the recommended water and sewer rate structures; recommended water and sewer rates and SDF's effective July 1 annually in 2026 through 2030. Raftelis will then provide a final rate report for review by the Board. Compensation for these services will be a not-to-exceed cost of \$90,000 including related expenses.

- V. Scot Bowen moved to approve the District's agreement with Raftelis for an update to the 2021 rate study that will cover a five-year study period. Compensation to be paid in an amount not to exceed \$90,000, including related expenses. Carlotta Hecker seconded the motion. Motion carried.

7. Resolution No. 192 – Resolution authorizing the issuance and fixing the terms of up to \$19,300,000 in aggregate principal amount of bond anticipation notes, to be issued in anticipation of the District's up to \$19,300,000 Phase 3 Sewer Subdistrict special assessment bonds, consisting of up to \$9,900,000 Series A Bond and up to \$9,400,000 Series B Bond.

A meeting of the Board of Directors of the Lockwood Water and Sewer was held on the 8th day of October, 2025, at the Lockwood Water and Sewer District Office located at 1644 Old Hardin Road, Billings, Montana. The following Resolution was adopted by the Board of Directors:

**RESOLUTION: Be it ordained by the Board of Directors of the Lockwood Area/Yellowstone County Water and Sewer District (LWSD) that:
Resolution 192 Relating to the Issuance of up to \$19,300,000 in Phase III**

Sewer Subdistrict Special Assessment Bonds consisting of up to \$9,900,000 Series A Bond and up to \$9,400,000 Series B Bond; authorizing the issuance and fixing the terms and conditions thereof.

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 a Resolution entitled:

"RESOLUTION AUTHORIZING THE ISSUANCE AND FIXING THE TERMS OF UP TO \$19,300,000 AGGREGATE PRINCIPAL AMOUNT OF BOND ANTICIPATION NOTES, TO BE ISSUED IN ANTICIPATION OF THE DISTRICT'S UP TO \$19,300,000 PHASE III SEWER SUBDISTRICT SPECIAL ASSESSMENT BONDS, CONSISTING OF UP TO \$9,900,000 SERIES A BOND AND UP TO \$9,400,000 SERIES B BOND." (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 its regular meeting on October 8, 2025, 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 regulated 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, Carlotta Hecker, Brent Kober, Scot Bowen, Gary Forrester; voted against the same: None; abstained from voting thereon: None; or were absent: None.

WITNESS my hand officially this _____ day of October, 2025.

Secretary

VI. Scot Bowen moved to adopt Resolution No. 192 authorizing the issuance of Subdistrict Special Assessment Bonds, Phase III Sewer Project, in the amount of \$19,300,000. Brent Kober seconded the motion. Motion carried.

8. Approval of an MOU between Yellowstone County and the Lockwood Water & Sewer District to make street improvements in the Lockwood area referred to as asphalt restoration for the Phase 3 Sewer Subdistrict and Lockwood Subdivision Water Improvements Project.

A Memorandum of Understanding was presented to the Board for review and approval between Lockwood Water & Sewer District and Yellowstone County for street

improvements in the Lockwood area referred to as “asphalt restoration” for the Phase III Sewer Subdistrict and the Lockwood Subdivision Water Improvements Project.

Lockwood agrees to a cost contribution of \$1,125,369 for the pavement restoration of sewer and water trenches in the Phase 3 Sewer Subdistrict and Water Improvements Project.

Yellowstone County has agreed to participate by contributing \$2,521,506 in two annual payments \$1,260,753. This Agreement will remain in effect until it is mutually terminated by both parties.

VII. Brent Kober moved to approve the Memorandum of Understanding between Yellowstone County and Lockwood Water and Sewer District. The District’s financial contribution to be made in the amount of \$1,125,369. Yellowstone County’s financial contribution to be made in two payments totaling \$2,521,506 each. Scot Bowen seconded the motion. Motion carried.

9. Motion to approve writing off (2) long-term delinquent accounts per Auditor recommendation.

The Auditor, Wipfli, has recommended that two long-term delinquent accounts be written off, one in the amount of \$65.04 and one in the amount of \$654.68.

VIII. Scot Bowen moved to write off two long-term delinquent accounts per the recommendation of the Auditor, Wipfli, one in the amount of \$65.04 and one in the amount of \$654.68. Carlotta Hecker seconded the motion. Motion carried.

10. Phase 3 Sewer Project Update

The District has all the contract documents completed, however, the contract has to be approved by Rural Development, the overall head funding agency for the project, before the District can move forward. The delay is further complicated by the Government shutdown. Tentatively, the contractor is ready to begin work on the project this year on some of the unimproved streets.

Mid-Zone Tank Update

Work is being completed on finalizing the Quitclaim Deed. All the documents are currently being reviewed by the property owner’s attorney.

Financial Reports:

11. The Board discussed balance sheets, questions on invoices, P&L Budget Comparison, and Yellowstone County Trial Balance Summary.

12. Approval of Bills due for Signature

IX Carlotta Hecker moved to pay the bills due for signature. Scot Bowen seconded the motion. Motion carried.

Other Business: None.

Manager's Report:

13. Pumping Record Water	Sept., 2024	44,757,768	Sept., 2025	45,211,429
Wastewater Record	August, 2024	5,705,000	August, 2025	5,122,000
Par MT Wastewater	August, 2024	62,732,000	August, 2025	0

Manager Ariztia reported he was going to start advertising to bring another new employee on.

Adjournment:

X. Carlotta Hecker moved to adjourn. Brent Kober seconded the motion. Motion carried.

There being no further business to come before the Board, the meeting was adjourned at 8:30 PM.

Brent Kober
ATTEST

[Signature]
ATTEST