

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

June 10, 2026

Call to Order:

The regular monthly meeting of the Lockwood Water and Sewer Board of Directors was held on June 10, 2026. 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, Brent Kober and Scot Bowen. Board members Carlotta Hecker and Gary Forrester were absent. LWSD Manager Mike Ariztia, Assistant Manager Tony Reed, and Stephanie Seymanski, Engineer, of Morrison-Maierle, Inc., were also present.

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. **May 13, 2026**

The minutes of the May 13, 2026 Board meeting were presented for approval. Two corrections were noted, on Page 4, Mid-Zone Tank Update, correct "sand" walls to read "stand" walls. Also on Page 4, Adjournment, "Carlotta Hecker moved to adjourn. Brent Kober "Hecker" seconded the motion, delete the second "Hecker".

- I. Scot Bowen moved to approve the May 13, 2026 minutes as corrected. Brent Kober seconded the motion. Motion carried.

New Business:

3. **Approval of Pay Application No. 7 to Askin Construction, for the Phase 3 Sewer Project.**

Askin Construction presented Pay Application No. 7 for work performed 5/02/26 through 5/29/26 on the Phase 3 Sewer Project, in the amount of \$548,141.85; less 1% State gross receipt tax withheld, \$5,481.42; amount due Askin Construction, \$542,660.43.

II. Brent Kober moved to approve Pay Application No. 7 from Askin Construction for the Phase 3 Sewer Project in the amount of \$548,141.85; Sewer, \$544,262.48, Water, \$44,412.50; less 1% State gross receipt tax withheld, \$5,886.75; amount due Askin Construction \$582,788.43. Scot Bowen seconded the motion. Motion carried.

4. Approval of Pay Application No. 5 to Western Municipal Construction for the Mid-Zone Water Storage Tank Project.

Western Municipal Construction presented Pay Application No. 5 in the amount of \$596,336.35, for work performed from 5/1/26 through 5/31/26, on the Mid-Zone Water Storage Project; 1% State gross receipts tax withheld, \$5,963.36; amount due Western Municipal Construction \$590,372.98.

III. Scot Bowen moved to approve Western Municipal Construction's Pay Application No. 5 on the Mid-Zone Water Storage Project, in the amount of \$596,336.35; less 1% State gross receipts tax in the amount of \$5,963.36; amount due Western Municipal Construction \$590,372.98. Brent Kober seconded the motion. Motion carried.

5. Resolution No. 196 – fiscal year 2027 Sewer Planning Budget.

Manager Ariztia presented Resolution No. 196, the 2027 Sewer Planning Budget, for review and approval of the Board.

RESOLUTION NO. 196

A meeting of the Board of Directors of the Lockwood Water and Sewer District was held on the 10th day of June 2026, at the 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 the Sewer Planning Budget for fiscal year 2026 be approved in the amount of \$11,600.00.

2027 Planning Budget with Cash Flow Analysis Attached

Signed: Carl Peters, President

Carlotta Heckert, Secretary

IV. Brent Kober moved to adopt Resolution No. 196, Sewer Planning Budget for Fiscal Year 2026, in the amount of \$11,600.00. Scot Bowen seconded the motion. Motion carried.

6. Resolution No. 197 – fiscal year 2027 Sewer Operations Planning Budget

RESOLUTION NO. 197

A meeting of the Board of Directors of the Lockwood Water and Sewer District was held on the 10th day of June 2026, at the District Office located at 1644 Old Hardin Road, Billings, Montana.

RESOLUTION: Be it ordained by the Board of Directors of the Lockwood Area/Yellowstone County Water and Sewer District (LWSD) that the Fiscal Year 2026 Sewer Operations Expense Budget and the Fiscal Year 2026 Sewer Capitalization Budget for Fiscal Year 2027 be approved as represented in the attachments to this Resolution entitled "PROPOSED 2027 LWSD SEWER OPERATIONS EXPENSE BUDGET" (Page 1), with supporting exhibits entitled "2027 FORECASTED LWSD SEWER INCOME" (Page 2), "PROPOSED 2027 LWSD CAPITALIZATION BUDGET" (Page 3). The Sewer Operations Expense Budget for Fiscal Year 2027 therefore be approved in the amount of \$2,146,104.00 and the Fiscal Year 2027 LWSD Capitalization Budget be approved in the amount of \$1,286,000.00, Total: \$3,432,104.33.

Signed: Carl Peters, President

Carlotta Hecker, Secretary

- V. Brent Kober moved to adopt Resolution No. 197, Fiscal Year 2026 Sewer Operations Expense Budget and the Fiscal Year Sewer Capitalization Budget for Fiscal year 2027. The proposed 2027 Sewer Operations Budget in the amount of \$2,146,104.00, and the 2027 LWSD Capitalization Budget in the amount of \$1,286,000.00; total: \$3,432,104.33 be approved. Scot Bowen seconded the motion. Motion carried.

7. Resolution No. 198 – fiscal year 2027 Water Operations Expense Budget

Manager Ariztia presented Resolution No. 198, fiscal year 2027 Water Operations Expense Budget, for review and approval by the Board.

RESOLUTION NO. 198

A meeting of the Board of Directors of the Lockwood Water and Sewer District was held on the 10th day of June, 2026, at the 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 the Fiscal Year 2027 Water Operations Expense Budget and the Fiscal Year 2027 Water Capitalization Budget for Fiscal Year 2027 be approved as represented in the attachments to this Resolution entitled "PROPOSED 2027 LWSD WATER OPERATIONS EXPENSE BUDGET" (page 1) with supporting exhibits entitled "2027 FORECASED LWSD WATER INCOME" (page 2), "PROPOSED 2027 LWSD CAPITALIZATION BUDGET" (page 3).

The Water Operations Expense Budget for Fiscal Year 2027 therefore approved in the amount of \$2,053,012.00; the Fiscal Year 2027 LWSD Capitalization Budget approved in the amount of \$2,616,000.00, Total: \$4,669,012.00.

Signed: Carl Peters, President

Carlotta Hecker, Secretary

- VI. Scot Bowen moved to adopt Resolution No. 198, the Water Operations Expense Budget for Fiscal Year 2027 in the amount of \$2,053,012.00; and the Fiscal Year 2027 LWSD Capitalization Budget in the amount of \$2,616,000.00, Total: \$4,669,012.00. Brent Kober seconded the motion. Motion carried.

8. Approval of Audit Contract with Wipfli

LWSD Auditors, Wipfli, submitted a proposal for annual audit services for the years ending 2026, 2027 and 2028.

The breakdown is as follows:

Financial statement audit in accordance with Government Auditing Standards: 2026 including \$5,000.00 for Compliance Audit, \$39,500.00; 2027, \$36,000.00; 2028, \$37,500.00.

Compliance audit in accordance with Uniform Guidance Fee for one major program: 2026, \$5,000.00

Additional fee if federal single audit is required; 2027, \$5,250.00; 2028, \$5,500.00.

- VII. Scot Bowen moved to accept Wipfli's three-year annual audit proposal. Brent Kober seconded the motion. Motion carried.

9. Phase 3 Sewer Project Update

Currently Askin Construction has one crew working on Driftwood Lane installing one of the main collectors. There is a crew working on utility relocation on Old Hardin Road and Tillamack, and tentatively on Monday morning (6/15/26) they are going to be cutting in the new water tie-in on Old Hardin Road from Tillamack and moving up Tillamack with the water.

There have been some complaints on social media regarding dirty water. Askin is running into unstable soils when they are digging. Askin had the trench dug for the sewer and it started caving on one side, then the other side caved, and when it did, it put pressure on the watermain on that side of the road and broke the watermain. The watermain had to be repaired, causing debris in the waterlines from opening and closing valves. Higher velocities scour the insides of the pipe and stir up sediment that's in the

pipes and it created dirty water. The waterlines were flushed. Overall, it was promptly responded to and corrected.

10. Mid-Zone Tank Update

The exterior walls are up. The subcontractor is working on forming the roof and should be pouring the roof in the next few days. The project is moving along well, and it may be done in mid-July. Stephanie Seymanski provided the Board with pictures of the facility which are available for review at the LWSD office.

- 11. Financial Reports:** The monthly balance sheets were discussed by the Board along with any questions they had on invoices, P&L Budget Comparisons, and the Yellowstone County Trial Balance Summary.

12. Approval of Bills due for Signature

VIII. Scot Bowen moved to pay the bills due for signature. Brent Kober seconded the motion. Motion carried.

Other Business: None.

Manager's Report:

13. Pumping Record

Water	May, 2025	32,355,120	May, 2026	38,959,876
Wastewater	April, 2025	4,156,000	April, 2026	4,645,700
Par MT Wastewater	April, 2025	72,886,000	April, 2026	57,132,300

Miscellaneous Reports:

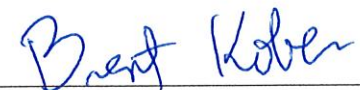
The District has been on a three-year liability insurance contract with Cincinnati Insurance, and are scheduled for a renewal by the 1st of July. Other insurance companies were contacted but generally Cincinnati is the best value and will be renewed for another three years.

Adjournment:

IX. Scot Bowen 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 8:00 p.m.


ATTEST


ATTEST