CENTRAL MT REGIONAL WATER AUTHORITY
Harlowton, MT 59036
March 13, 2024
MINUTES

WELCOME AND INTRODUCTIONS: The meeting was called to order by Chairman Kalitowski. He asked that all in attendance introduce themselves.

IN ATTENDANCE: Jim Kalitowski, Chairman; Dave Liggett, Sec./Treasurer; Sam Klepzig, O&M Manager; Lon Sibley, Roundup; Jeff Sell, Harlowton; Allen Davis, Ryegate; Laura Larocco, Ryegate; Paul Otten, Harlowton; Ken Naylor, Roundup; Thomas Harsch, Roundup; Dave Ponte, Roundup; Warren Hanson, Roundup; Monty Sealey, Roundup; Connie Roussan, Melstone (By Proxy); Bob Church, Great West Engineering; David Waldner, Duncan Colony Ranch; on-line: Anna Miller, MT DNRC; Rick Duncan, MT DNRC; Greg Kruzich, Bureau of Reclamation; Shelby Welch, USDA Rural Development; Debbie Willumson, Roundup?; Amy Deitchler, Great West Engineering; Matt Smith, Stahley Engineering; Susan Hayes, Great West Engineering.

APPROVAL OF MINUTES FROM FEBRUARY 14, 2024: It was moved by Allen Davis, seconded by Dave Liggett to approve the Minutes from February 14 as sent; motion carried.

TREASURER'S REPORT AND CURRENT BILLS: Dave Liggett reported the beginning bank balance at 1st Security Bank of $158,881 with $12,000 worth of deposits. Bills paid totaled $9,457; leaving an ending balance of $161,414.00. Liggett also reported a beginning bank balance at Stockman Bank of ($1,978,076) with deposits of $2,307,519. Bills paid totaled $1,968,243, leaving a bank balance of ($1,638,800).

Monty Sealey from Tanya's report for O&M funds; a beginning bank balance of $45,424.04. The $60,000 loan from First Security Bank was paid off, including interest of $35.62. An RD bond payment of $10,597.00 was made. The $100,000 note at 1st Security bank was renewed with an agreement to pay $5,000.00 per month until such time as Roundup water user revenues were available to pay it off with a balloon payment. The ending balance for the O&M Account was reported at $26,036.36.

In addition, Dave Liggett reported an adjustment to the Stockman bank account of $13,920.00 He also reported that $93,599 was transferred from 1st Security bank to Stockman Bank to correct where payments were to be made from. As discussed in the O&M report, a check to 1st Security Bank in the amount of $15,147.00 was written to make the loan payments.

The current bills to be paid included: Great West Eng Inv. #31632 for $146,018.39; Great West Eng. Inv. # 31627 for $3,819.25; Great West Eng. Inv. # 31628 for $7,117.32; Great West Eng. Inv. # 31628 for $2,170.43; Great West Eng. Inv. # 31626 for $2,619.80; Great West Eng. Inv. # 31631 for $17,580.00; Great West Eng. Inv. # 31630 for $ 2,081.25; Great

West Eng. Inv. # 31628 for $18,492.42; COP Const. Pay App 4 for $1,065,416.74; Mt Dept pf Rev. 1% Tax #4 fpr $10,761.79; C&C Excavation Pay App # 10 for $542,634.20; MT Dept of Rev. 1% Tax #10 for $5,481.15; Hydro resources Pay App #2 for $89,747.21; MT Dept of Rev. 1% Tax #2 for $906.54; Big Horn Public affairs Inv. # 1504 for $2,500.00; Urick Law Firm Statement for $147.00; Great West Eng. Inv. # 31364 for $1,997.00; Westwind Designs Inv. # 5039 for $265.00; Project & Mgmt Services Inv. # RW0224002 for $1,725.00; Project & Mgmt Services Inv. # RW014002 for %6,900.00; Musselshell County-addresses for $60.00; COP Construction Pay App # 7 IIB for $45,961.59; MT Dept of revenue 1% Tax #7 for $464.26; Innova LLC Inv. #1001 for $602.10; Flying S Title Inv. 588,589,600 for $2,241.00. Moved by Deve Liggett, seconded by Jeff Sell to accept the report and pay the bills as presented; motion carried.

Additional bills were presented as follows: Fergus Elect Coop for $27,450.00; Fergus Elect Coop for $3,240.00; Fergus Electric Coop for $47,830.00. Moved by Dave Liggett to pay the bills, seconded by Lon Sibley; motion carried. .

AUDIT-THROUGH JULY, 23: Monty Sealey reported that the audit is currently underway and should be complete within the next two months or so. The audit is being conducted by Douglas Wilson Co. of Great Falls.

ADMINISTRATIVE BUDGET: Monty Sealey described the proposed budget to DNRC for the next biennium for Administrative expenses. The total budget request to the State Director totals $360,000. Jeff Sell moved to accept the proposed budget; seconded by Dave Liggett; motion carried.

WATER USER REGULATIONS: Monty Sealey noted he wanted to do a mail out of the adopted Water User Regulations to all water users. Even though it is 30+ pages long, he wants to make sure all users have the regulations. It was noted that they are also available on our website.

WATER USE/OBLIGATIONS TO DATE: Susan Hayes handed out a printed matrix laying out the quantities of water thus far obligated by CMRWA. Those totals could then be compared to our system capacity, water rights and future growth projects. At this time, it appears we are still within our water budget even anticipating known future obligations. Bob Church mentioned that Duncan Colony may want to request water. They will need to let us know how much and where it will be used, before a decision can be made about water availability.

MELSTONE AREA WATER USERS MEETING: Bob Church and Monty Sealey attended a public meeting aimed at rural water users in PH IV for information purposes. The meeting was very well attended and also very positive. There was substantial interest in hooking up to the system in that area. Following that was a Town Council meeting. They intend to sign the Water User Agreement approved by the CMRWA Board.

Bob Church noted that even though the Town of Lavina had opted out (lack of a distribution system), we were sending out a flyer to gauge interest in hooking up as our main line will pass through the town.

UNIFORM APP. TO DNRC: It was noted that a Uniform Application to MT DNRC in the amount of $2.8 million was in process for Phase III.

O & M REPORT: Sam Klepzig reported he is working on the "consumer confidence" report. The Bac-T report turned out good. 811 is now sending locates to Sam rather than Tanya. Pipestone sent the wiring and will be here to install on Monday or Tuesday.

Sam has turned pump #3 down to 1500 gpm to minimize the monthly demand charge from Fergus Electric. He wants to use pump #3 next month. He also noted that hydro has begun the drilling project for well #4.

Sam explained his thinking about enhancing our ability to track/locate our pipeline in the future. Chairman Kalitowski appointed a Committee including Bob Church, Lon Sibley, Susan Hayes and Sam Klepzig to sort the out the issue; report back at the next meeting. One significant issue might be cost vs budget.

TASK ORDERS 43 & 44: Bob Church presented Task Order #43 to continue water monitoring activities for the next year in the amount of $11,200.00. It was moved by Lon Sibley; seconded by Jeff Sell to approve the Task Order; motion carried.

Bob Church also presented Task Order 44 in the amount of $35,000 for work on Ph III Land Acquisition. It was moved by Lon Sibley; seconded by Jeff Sell to approve Task Order 44; motion carried.

PHASE I-STATUS: It was reported that C&C should have the meter pits by March 29. It was noted that we should be within our rights to give an ultimatum if they are not here, so we may be able to acquire them elsewhere so we can close out the RD grant for Phase I.

PHASE II-STATUS: It was reported that PhII A was within 4 miles of the end. The tank crew is anticipated to be here by May 5.

The contractor is working on getting the boring machine and crew in here. A Change Order in the amount of $6,428.00 was presented. Jeff Sell moved to adopt; seconded by Dave Liggett; motion passed.

RESOLUTION # 2402R: Resolution 2402R was presented to the CMRWA Board approving the Water User Contract with Sunset Colony. It was moved by Lon Sibley; seconded by Paul Ottem to pass the resolution; motion carried.

BOND COUNSEL: Dan Semmens explained the need and steps to move forward with PHII interim financing in preparation for a Bond Anticipation Note for each segment of PH II A, B and C. The needed resolution will include operating expenses, approved in advance of actually receiving any income. At the April 10 meeting the Board will need to adopt the BAN for PH IIC. The note will be issued on April 25 including the first draw on that note.

Also at the April 10 meeting will be the note for PH IIB and PH II A. That note will be closed in May. Semmens noted that the City of Roundup will need to adopt their rate increase before they can deliver any water.

PHASE IV-STATUS: It was reported that we have all but one easement for Phase IV to Melstone. Great West is following forward with design. May be able to bid Ph IV in May. It will be affected by the March 15 – July 15 Sage Grouse restrictions. We hope the contractor can get the Sage Grouse portions of the project done first. It will also depend upon the weather conditions. We hope to have water to Melstone by fall of 2025.

PHASE II-IV-STATUS: Just signed the Task Order to begin moving forward. Land-owner contact will begin, including at Broadview. This process will be influenced by where and when the State can put their funding in place.

PH III & III A-STATUS: It appears we have the federal funding for the line to Shawmut and Deadman's Basin. We do not yet have the State Funds. We will likely wait until we hear about the PH III funds before we apply for the PH III A funding.

Allen Davis explained the conversations they have had with the State and Matt Smith about funding possibilities for the water main from Deadman's to Ryegate; could be owned by Ryegate for 10 years; then forgiven. Anna Miller is talking about the Emerging Contaminants program. It does look positive. Greg Kruzich noted that federal money could not be used, but State and/or local monies could make this work as a stand-alone project. Bob Church needs to be in the loop and needs an overview of the schedule from Matt Smith. This should be looked at through a PER; will need to put in a Uniform Application to DNRC.

PH V TO HOBSON-STATUS: Bob Church explained that according to Garth French, engineer from Lewistown (working for Hobson), Hobson is going forward with their desire to acquire CMRWA water. Bob noted the need for a written commitment from Hobson, so we ask for enough BIL funds for that phase. Jeff Sell made a motion for a deadline of the 1st of June for such a commitment; seconded by Lon Sibley; motion passed.

MIDDLE MUSSELSHELL WATER DISTRICT: Dave Ponti, Chairman of the Middle Musselshell District expressed their interest in the number in their district boundaries who want this water. There is the need to look at whether they could fit into the Emerging Contaminant's program also. The PER is currently being updated to clarify current conditions. He handed out a letter from the District Board that explains their interest in becoming a recipient of CMRWA water. Monty Sealey read the letter to the CMRWA Board.

The Middle Musselshell representatives intended to go on record as a new customer of CMRWA, assuming they get through the organizational and funding challenges they have.

RURAL DEVELOPMENT-RD: Shelby Welch had nothing for the meeting.

BUREAU OF RECLAMATION-BOR: Greg Kruzich noted that we had $3 million dollars for FY24.

MT DNRC: Rick Duncan had to leave the meeting to attend another meeting.

JENNIFER JOHNSON REPORT: Monty Sealey explained that the e-mail from Jennifer Johnson noted an appropriation amount in the President's budget of $147,000. She was quite pleased since that is the first time we have been in the President's budget. There is $55,000,000 for water project development that will be divided up. A copy of the e-mail was forwarded to the CMRWA Board.

The meeting was adjourned.

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Monty L. Sealey, Project & Mgmt Services Date