COUNTY WATER DISTRICT OF BILLINGS HEIGHTS

Board Meeting Minutes

DATE: June 17, 2026, 6 pm

Board Room, County Water District of Billings Heights, 1540 Popelka Dr.

The Pledge of Allegiance was led by Director Erpenbach, and the meeting was called to order by President Essman. The roll was called by Board Secretary Bakker. Directors Ellis, Ewalt, Erpenbach, Grave, Kary and President Essmann were present and a quorum was established. Also present were Interim General Manager Blaine Oborn, Board Secretary Carolyn Bakker. Members of the community present included Evelyn Pryburn of the Yellowstone County News and Mark Koerber. Joining the meeting via Zoom was Michael Miller, Bret (No last name given) and "Spamjealousisafraud".

President Essmann noting that the community members present had attended meetings previously, dispensed with reading the description of how the meeting would be conducted. He went on to report to the group that he did an interview with Q2, a local television station, regarding the pending rate increase. The interview would be on the evening news. Additionally, he reported that he had attended the exit interview with the auditors. They will give a formal presentation of the audit results this fall once they have completed their analysis.

President Essmann asked the attendees if wanted to make a public comment. No one accepted his offer.

APPROVAL OF AGENDA

Director Kary made a motion to amend the agenda to move the Resolutions regarding Stifel and Paychex to New Business, immediately after the Board election. Director Ellis seconded the motion and the motion passed unanimously. Director Kary made a motion to amend Agenda Item 12c to remove the language "adopt draft employment contract proposal". Director Graves seconded the motion and the motion to amend passed unanimously. Director Kary made the motion to approve the amended Agenda, the second was made by Director Ewalt. The motion was passed unanimously.

APPROVAL OF MINUTES

Director Ellis made the motion to approve the minutes of Regular Meeting, May 20, 2026, the Special Board Meeting, June 2, 2026, and the Executive Session, June 9, 2026. Director Erpenbach seconded the motion and the motion passed unanimously.

MANAGER'S REPORT

IGM Oborn went through the key points of his written report. He began with an update on the water leak that had just occurred and that Assistant GM Simpson was on the site supervising the repair. Director Ewalt asked if the repair would be completed quickly as that particular pipe feeds important water tanks and an extended disruption of water to those tanks would be a major issue. Director Ellis asked if this new leak was included in the current water loss amount of 37%.

Director Ellis mentioned that she didn't know about the convenience fee assessed when a customer uses a charge card to pay their bill and that budget billing was an option. She wanted to know how this information is communicated to the customer. IGM Oborn replied that the 3% fee offsets the processing fees charged by the credit card processor. Director Ellis asked if the billing system could include that information. It was suggested that that information could be added to the "News" section on the website and possibly on a FAQ page. The current website doesn't accommodate adding custom pages, but a new website could.

IGM Oborn had asked the staff how budget billing is handled. The staff sets up the budget billing for customers that have requested it in January each year. They do this at no charge. The consumer also has the option to set up automatic payments online, but there is a $1.95 charge. Director Kary asked if it was necessary that the program was only offered in January. It was the consensus that being more flexible in setting up budget billing accounts would be better customer service. IGM Oborn offered to explore that option.

President Essmann updated the Board on the Capital Improvements project. He reported that he had delivered the data flash drive from Interstate to Morrison-Maierle. Morrison-Maierle reported that they won't be able to use as much of the data to build the modeling. They will have to build the database from scratch. Director Ewalt asked if the CIP report would include the upsizing of pipe.

IGM Oborn reported that the payment of Interstate Engineering invoice is still pending. He has requested itemized detail of invoice in question. IGM Oborn is also trying to assurance that this is the final bill.

President Essmann asked if the District has a system that tracks customer calls. IGM Oborn is looking for a system that would do that and software to track work orders. Essmann asked if an update could be included as a report on the July agenda.

Director Ewalt expressed his appreciation of the Managers report layout. The color coding is very helpful.

CONSENT AGENDA:

Monthly Financial Reports
- Balance Sheet
- Revenue YTD Actual vs Budget
- Expenditures YTD Actual vs Budget
- Investments

Stifel Statement

Montana Board of Investment (STIP)

Payment of Bills
- Previously approved and paid bills

Director Ewalt made the motion to approve the Consent Agenda, Director Kary seconded the motion. During the discussion of the Consent Agenda, Director Ellis asked if the Service Line Fees category on the Revenue Statement included the Development Fees. IGM Oborn replied at this time it does, and that he was continuing to break out items as he goes through the accounting system. President Essmann agreed that the Service Line Fee should be tracked and set aside to pay for the repairs on a pro-active basis.

Director Ewalt mentioned that in the packet, the Paid Bills report was for the wrong month. IGM Oborn acknowledged that, and that the correct report was posted in the "Other Docs" section for the meeting. Director Ewalt raised the question about an invoice that appeared in both reports. It looked like a duplicate payment. IGM Oborn is looking into it to make sure that that didn't happen. President Essmann mentioned that one of the recommendations that the Auditor made was that the Board modifies it payment approval process to approve the written checks rather than the invoices to avoid duplications. The motion to approve the Consent Agenda passed unanimously.

There was no Old Business on the agenda.

NEW BUSINESS

RESOLTUION TO AUTHORIZE PRESIDENT TO APPOINT A THREE-PERSON COMMITTEE TO REVIEW EMPLOYEE POLICIES MATTERS WITH THE GENERAL MANAGER

Director Kary asked if a Resolution was necessary for the President to appoint a committee. President Essmann explained that in this instance and for transparency, that a Resolution was appropriate and in alignment to recommendations made in the Organizational Analysis Report. IGM Oborn had made a request to have the committee's help and since this would have a direct impact on the day-to-day operations, having the Board on record would be prudent.

Director Ewalt made the motion to the approve the Resolution to Authorize President to appoint a three-person Committee to review Employee Policies matters with the General Manager and Director Graves seconded the motion. Director Ellis then made a motion to amend to re-constitute the original committee since a lot of the issues being reviewed are part of the Employee Manual that the committee had worked on. Director Ewalt seconded the amendment. Director Ewalt expressed his opinion that appointing the same committee members would be valuable since they are familiar with the subject matter. Director Ellis mentioned that Director Erpenbach's knowledge of employment law was an asset to the committee. The original committee members were Director Erpenbach, Ellis and Kary. A verbal vote was taken on the amended resolution, and the vote was split 3-3. Directors Ellis, Ewalt and Erpenbach voted yes, and Graves, Kary and Essmann voted no. Prior to the vote on the original Resolution, Director Ewalt asked President Essmann to let the group know who he was appointing to the committee. President Essmann stated that he will ask for volunteers and then make his appointment within 24 hours as has been the normal practice. President Essmann then conducted a roll call vote on the original resolution. The Resolution as originally drafted passed unanimously.

RESOLUTION FOR BUDGET AMENDMENT FOR FY26

IGM Oborn reported that he reviewed the 2026 Budget against the actual revenue and expenses for Fiscal Year 2026 and has created a report with recommendations to adjust the budget. He explained that this process is to "True-up" the budget. This adjusts the budget for changes in the budget. He recommended that this be done on a quarterly basis in the future. This would help the Board see trends as they are happening and adjust accordingly. The report shows the estimate for FY 2026, the original budget and the amount of amendment to the budget. The adjustment to Revenue was decreased by $905,318 and Expenditures increased by $492,182.

Director Kary made a motion to approve the Budget Amendment and Director Erpenbach seconded the motion. Director Ewalt recommended that the Resolution specifies the dollar amount of the changes being made. Director Ellis suggested that attaching the report would fulfill the need to disclose the amount. Director Kary removed his motion. IGM Oborn told the Board that he would recommend making the adjustment in the current year, rather than in the next fiscal year. Director Erpenbach made motion to approve the Budget Amendment and Director Ellis seconded the motion stating her opinion that it was important to pass this resolution at this time. Director Ewalt again stated his recommendation that the Resolution includes the specific dollar amounts. President Essmann made a motion to amend the resolution to include the decrease in revenue of $905,318 and increase of expenditures of $492,182. Director Ellis seconded the motion. The amendment passed. The Amended Resolution was passed unanimously.

RESOLUTION TO OFFER POSITION OF GENERAL MANAGER TO BLAINE OBORN, ADOPT DRAFT EMPLOYMENT CONTRACT PROPOSAL, AND AUTHORIZE PRESIDENT TO APPOINT A THREE-PERSON COMMITTEE TO NEGOTIATE TERMS OF CONTRACT WITH MR. OBORN.

Director Ewalt made the motion to approve the Resolution to offer the position of General Manager to Blaine Oborn. Director Kary seconded the motion. President Essmann expressed his appreciation for IGM Oborn's efforts and his willingness to coordinate with the Board. Director Ellis commended IGM Oborn's efforts in managing the Rate Increase and his professionalism in handling the negative feedback that has been received from the customers. There was a discussion about timing of getting the contract negotiated in a timely manner and through the necessary process of approving the contract. A recommendation was made to designate the Negotiation Committee for that evening so the committee can get meeting times arranged.

President Essmann recessed the meeting for five minutes. When the meeting reconvened, President Essmann made the committee assignments. The Employee Manual review committee was Directors Ellis, Erpenbach and Kary. The Contract Negotiation committee will be Directors Graves, Ewalt and Kary if resolution passes. The vote to offer the position to Blaine Oborn passed unanimously.

ELECTION OF BOARD OFFICERS FOR FY27

Director Ewalt made a motion to retain the current slate of officers of Jeff Essmann as President and Doug Kary as Vice President. Director Graves seconded the motion. A voice vote was taken and passed unanimously. President Essmann thanked the group for their support.

STIFEL RESOLUTION

Director Ellis made the motion, seconded by Director Erpenbach. Passed unanimously.

PAYCHEX RESOLUTION

Director Ellis made the motion, seconded by Director Graves. Passed unanimously.

ITEMS FOR FUTURE BOARD MEETINGS

June 24 meeting:

- Rate hearing
- GM Contract
- FCS Presentation

Director Ellis asked that the following items be added to the July regular meeting.

- Budget billing plan and resolution

- Tracking calls
- Time keeping for payroll

  - Website report
  - Auditor report- Sept or October
  - Director Ewalt asked for clarification on Fuel program Circle K fraud prevention question and how it is resolved. Asked to be added to July manager's report.

ANNOUNCEMENTS:

Rate Hearing, June 24, 2026, 6 pm
Board Meeting, July 15, 2026, 6 pm

Meeting was adjourned at 7:47 pm.

Carolyn B Bakker

Carolyn Bakker, Board Secretary