

Western Area Water Supply Authority
Board of Directors Meeting
Williston City Hall
Tuesday, November 8, 2011
1:30 p.m.

Attendees

Members Present: Denton Zubke, Bert Anderson, Gary Rust, Michelle Klose, Gene Veeder, Karen Burau, Ward Koeser, Liz Suhr, Brent Bogar, Alternate Ben Clarys

Members Absent: Mark Owan, Jerry Ranum, Larry Hanson

Others Present: Alternate Jeffery Mattern (SWC), Cory Chorne (AE2S), Melinda Rasmussen (AE2S), David Johnson (AE2S), Tami Norgard (Vogel Law Firm), Britt Poulsen (Adler Hot Oil), Pat Wheeler (Independent Water Providers), Steve Mortenson (Independent Water Providers)

Meeting called to order

Meeting was called to order at 1:30 pm by Chairman Denton Zubke.

Approval of Agenda

Changes made to agenda: Project updates should be Tab 8; Bulk Water Fill Stations should be tab 9. Under bulk water fill stations, add two more subtopics: 3. Armstrong International Agreement and 4. Granite Peak Contract, both of which will be discussed in executive session. Bert Anderson made a motion to approve the agenda with these changes. Ward Koeser seconded the motion, and motion passed unanimously.

Approval of Minutes

Page three of the August 30, 2011 meeting minutes was replaced with an updated page that showed the motion to enter into contract negotiations with AE2S under the Engineer Selection section.

Liz Suhr proposed a change to the October 11, 2011 Meeting Minutes. Under Project Updates and Open discussion Gary Ranum was listed. Denton instructed Melinda to verify in the notes from that meeting as to whether the motions were made by Gary Rust or Jerry Ranum. Denton Zubke also proposed a change to the footer of the meeting minutes. The date should be corrected.

Gary Rust made a motion to accept the August 30, 2011 and October 11, 2011 meeting minutes with the changes proposed. Liz Suhr seconded the motion, and motion passed unanimously.

Financial Report

The financial report was presented for consideration and was open for discussion. A positive opinion of the format was expressed.

Gene Veeder made a motion to accept the financial report, Brent Bogar seconded the motion, motion passed unanimously.

Payment Voucher

Denton Zubke opened discussion on payment voucher 5-112011.

Ward Koeser made a motion to approve payment voucher 5-112011 for \$4,318,388.76. Gary Rust seconded the motion, motion passed unanimously.

Executive Director Position

Denton Zubke updated the board on the hiring committee's opinion to offer Jaret Wirtz the Executive Director position with an annual salary of \$85,000.00. Jill Helmuth declined her offer for personal reasons. Jaret currently works for McKenzie County Water Resource District and has accumulated 160 hours of vacation and 160 hours of sick time that he is curious as to whether it can transfer with him if he accepts the position. Discussion was held on the best and legal way to handle this matter. Tami Norgard will look into the legal guidelines and report back to the hiring committee. It was agreed that the sick time would be taken off of the table. Denton also opened discussion on Jill Helmuth helping with some of the administrative duties, working with Jaret. In exchange, Jaret will be able to assist Jill and McKenzie County. T

Ward Koeser made a motion to offer Jaret Wirtz the Executive Director position with an \$85,000 annual salary and allow Denton some latitude to work out an agreement concerning the vacation time. Gary Rust seconded the motion, motion passed unanimously.

SWC Request

Michelle Klose updated the board on the SWC meeting on October 31, 2011. Phase II and Phase III design have been approved. The SWC would like to see more information on the prioritization of projects as the Phase II projects will go over the current \$110 million budget.

Capital Accounting and Prioritization

Corey Chorne discussed the memo that was presented to the SWC concerning projects and prioritization. The memo also showed cost increases and explained the increases. Corey was asked to redraft the memo showing a schedule of projects and prioritize the transmission lines and a break out of information. The assumption is that the board could compare the North Rural Water sign up to the McKenzie County sign ups. David Johnson asked for some guidance from the board as to the prioritization they would like to see. Items 1-4 on the memo will have to be done to meet the board's goals. However, what is the priority on the next 3 items as they do not affect the industrial sales in a big way. Should the transmission lines continue to be the priority or the rural water expansions? Denton Zubke and Gene Veeder offered that

they were happy with the order of prioritization. Corey could use a placeholder amount for item 2, but items 1 and 3 are fine. The board agreed with the direction of the memo.

Rate Impact Analysis

David Johnson gave a presentation on the Rate Analysis results prepared by AE2S.

Brent Bogar left at 3:00 pm

After discussion, a committee was selected to further evaluate rate options. The Rate Discussion group will consist of Gary Rust, Brent Bogar, Liz Suhr, Denton Zubke, and Mark Owan. Michelle Klose asked to be kept informed on the decisions.

The Water Supply Agreement and Water Infrastructure Lease and Operating Agreement are still a work in progress and after examining the rates, should be brought to the individual boards. Tami Norgard asked about any questions that could be answered. Michelle Klose asked about the wording in sections 8.10 and 8.11 including invalid and breach. Tami explained the wording.

Project Updates

Corey Chorne distributed a handout with the project update information. AE2S is ready to meet with Michelle Klose for approval of design on System IV. Corey recommended moving forward with section 1 & 2, and delaying section 3 as part of the prioritization.

Ward Koeser made a motion to advertise System IV for bid with section 3 as an alternate contingent on SWC approval. Bert Anderson seconded the motion, motion carried unanimously.

A break was called at 3:50 pm and the meeting reconvened at 4:00 pm.

Corey continued his update on projects. Bert Anderson made a motion to advertise the Crosby/BDW transmission line pending review and approval from the SWC, including a 16" alternate pipe. Gary Rust seconded the motion, motion carried unanimously.

Corey continued with the updates for the US 2 to Hwy 7 watermain and the problems that have occurred. It was suggested that the Board invite the County Commissioners to the WAWSA meetings to keep them informed on what is going on in their areas.

David Johnson presented change order number 2 for the Regional Reservoir No 1 to Bakken Industrial Park concerning mobilization due to a permit issue with Williams County. Discussion was held on the change order. Gene Veeder made a motion to approve Change Order No. 2 from Merryman Excavation. Liz Suhr seconded the motion, motion passed unanimously. Ward Koeser made a motion to ask AE2S to reimburse the amount of change order no 2 from Merryman Excavation. Gene Veeder seconded the motion, motion carried unanimously.

A site has been selected for the Regional Water Service Phase I Reservoir and the project is moving ahead.

Bulk Water Fill Stations

David Johnson distributed the handouts for the Water Depot Location presentation, presented the information, and answered any questions on the locations of fill depots and operating of fill depots.

Denton Zubke invited the Private Water Providers representatives to speak.

Steve Mortenson addressed the Board and expressed his appreciation for the consideration given to the Private Water Providers. He read off a letter that was given to Karen Burau requesting a meeting with the Board to discuss and agree on water depots as the Private Water Providers did not feel they had enough time to prepare for this meeting. Steve then introduced Brett Poulsen with Adler Hot Oil and turned the floor over to him. Brett Poulsen questioned the board on the selection of Armstrong and as to whether the water heating had been open to the public. Pat Wheeler asked about industrial rates and was informed that, as of now, the rates are still at \$.84 per bbls. Pat then asked when they were going to be ready to start selling water and was informed that WAWSA is about 60 days out. Steve Mortenson asked for clarification on the payment to the City of Williston for the Water. Pat Wheeler asked for clarification on the revenues and whether they would be coming from sign up fees. The sign up fees are not included in the revenues and if someone is already on a system, they will not be charged a sign up fee again. If someone pays a sign up fee based on the original design and will not be able to hook up, the sign up fee will be refunded.

Ward Koeser left at 5:00 pm

Brent Bogar was called back in for the Executive Session.

Board Entered Executive Session

Gary Rust made a motion to adjourn Executive Session. Karen Burau seconded the motion, motion carried unanimously.

Gene Veeder made a motion to enter into a purchase agreement with Granite Peak Development LLC for the location of the North Williston Fill Station. Bert Anderson seconded the motion, motion carried unanimously.

The Board reentered Executive Session.

Gary Rust made a motion to adjourn Executive Session. Karen Burau seconded the motion, motion carried unanimously.

Gene Veeder made a motion to accept the agreement Tami Norgard prepared for Armstrong International with changes discussed in Executive Session with Brent Bogar and Denton Zubke to negotiate the agreement. Bert Anderson seconded the motion, motion carried unanimously.

Request from Independent Water Providers

The request from the Independent Water Providers was discussed. It was agreed that the Independent Water Providers would be added to the December meeting agenda to discuss water depots.

Liz Suhr made a motion to adjourn and Karen Bureau seconded the motion, motion carried unanimously.



Denton Zubke
Chairman



Karen Bureau
Secretary