

Western Area Water Supply Authority
Board of Directors Meeting
Williston City Hall
Tuesday, December 13, 2011
1:30 p.m.

Attendees

Members Present: Denton Zubke, Bert Anderson, Gary Rust, Gene Veeder, Karen Burau, Ward Koeser, Liz Suhr, Alternate Jeffery Mattern, Mark Owan, Jerry Ranum, Larry Hanson, Jaret Wirtz

Members Absent: Michelle Klose, Brent Bogar

Others Present: Alternate Ben Clarys, Cory Chorne (AE2S), Melinda Rasmussen (AE2S), David Johnson (AE2S), Tami Norgard (Vogel Law Firm), Jeff Nelson (Vogel Law Firm), Les Bakken (City of Crosby), Mike Hynek (City of Stanley), Doug Bloss (Armstrong International)

Meeting called to order

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

Introductions

Jaret Wirtz was introduced as the new Executive Director for WAWSA. All others in attendance introduced themselves.

Approval of Agenda

Changes made to agenda: Jaret Wirtz asked to be added to the agenda to speak after the approval of the agenda. Doug Bloss asked to be added to the agenda to introduce himself to the board. Bert Anderson made a motion to approve the agenda with these changes. Karen Burau seconded the motion, and motion passed unanimously.

Jaret Wirtz

Jaret Wirtz thanked the board for the opportunity to be the executive director. Jaret presented the board with a description for the position of an administrative assistant. The board agreed that an administrative assistant would be needed, but chose to postpone any advertising or hiring until a permanent office could be established.

Jaret presented to the board five (5) residential and four (4) commercial applications for hook ups to the System IV line in McKenzie County before the project goes to bid. It was requested that Jaret write up some policies for hook up and costs to keep uniformity with WAWSA projects. It was agreed that the commercial hookups would be tabled until the policies could be written. Ward Koeser made a motion to approve the five residential hookups. Gene Veeder seconded the motion, and motion passed unanimously.

Discussion was held on hook ups and fees that the member entities are currently charging as a base for the policies that Jaret will write up to present to the board. Jerry Ranum made a motion to accept \$3000.00

per connection for the residential hookups to the System IV line. Karen Burau seconded the motion, and motion passed unanimously.

Doug Bloss

Doug Bloss with Armstrong International introduced himself to the board and gave an update on the 2nd Street Fill Station. He also discussed his excitement in working with the Board on future fill stations.

Approval of Minutes

Gene Veeder made a motion to accept the November 8, 2011 meeting minutes. Liz Suhr seconded the motion, and motion passed unanimously.

Financial Report

The financial report was presented for consideration and was open for discussion. Bert Anderson made a motion to accept the financial report, Jerry Ranum seconded the motion, motion passed unanimously. It was noted that three easements had not been paid yet, Baker Hughes, Borsheim Trust, and Ike Tomlinson/Kris Bird. Baker Hughes and Borsheim Trust easements can be paid as a signed easement has been received. Ike Tomlinson / Kris Bird have not sent in a signed easement and therefore a payment will not be sent out. Tami Norgard is looking into the Tomlinson Bird easement.

Payment Voucher

Denton Zubke opened discussion on payment voucher 6-122011. The pay request from Metro Construction is to close out the project and includes half of the damage costs for County Road 7. Merryman Construction has also agreed to pay for half of the damages to County Road 7 and this should be reflected on a future pay request.

Gene Veeder made a motion to approve payment voucher 6-122011 for \$2,669,581.71. Gary Rust seconded the motion, motion passed unanimously.

Liz Suhr was asked to submit payment in the amount of \$250.00 for a road crossing permit with Williams County that will be added to the next pay voucher.

Liz Suhr and Melinda Rasmussen will work to get the 50% cost share invoice to the City of Williston for the US 2 to County Highway 7 project.

SWC Request

Update on status. The State Water Commission has approved the first tier of the Phase II projects for \$75 million. In April to May, WAWSA will go back to the SWC and update them for the next tier of approvals.

Membership Rates

David Johnson explained the charts presented and used to figure out the individual rate schedules for the member boards. These charts showed how rates were figured and showed three scenarios based on industrial rates and sales. This also showed the importance of setting the fill depots to start gaining revenue. AE2S engineers recommended rate scenario 1.

Discussion was started on payments. It was requested that WAWSA pay monthly for Industrial water sales. It was already agreed that WAWSA would pay the member entities annually.

Gary Rust made a motion to pay water sales quarterly to each member entity. Ward Koeser seconded the motion, motion passed unanimously.

Discussion was started on industrial sales. It was discussed that 2010 dollars would be the baseline amounts for industrial sales. A question was posed as to whether Crosby rates would be adjusted as their wells were offline for four (4) months. Also, some communities will not be able to sell water for a couple of years due to permit issues.

The mayor of Stanley, Mike Hynek, was on hand to discuss Stanley entering WAWSA. Questions were posed on impact to Stanley industrial sales and should Stanley contribute from their industrial sales as Stanley is requesting help for residential water but not industrial water. Mike and Denton are going to discuss Stanley joining WAWSA and come back to the board with some information and options.

Stanley would enter WAWSA as a separate member not part of an existing member entity.

Member Agreements

Jeff Nelson discussed the updated agreements presented to the board. It was clarified that all agreements are the same, just worded for the individual entities. Each agreement will be figured with the member entity minimum take or pay and other specific details. It was clarified with the Williston agreement that, Williston sells the water to WAWSA and WAWSA buys all capacity.

R&T is having discussions with the local members about the terms on the agreement in regards to the water treatment plant. It is currently stated that the term is the earlier of when all debt is paid or 99 years. All debts refer to all outstanding debts as well as the state debt. The buyout concept of all remaining debt plus \$1.00 is the part that is being debated. WAWSA discussed wording to help with the debate. It was clarified that WAWSA would control the water plant as far as sales; R&T would continue to handle the O&M. One rewording suggestion was debt is paid plus 40 years, after that WAWSA can turn water treatment plant back over to R&T.

Jeffrey Mattern gave a refresher on what the SWC is looking for with these agreements, terms, and how it effects repayment.

There was also discussion on Crosby and how it is going to enter WAWSA. Crosby has been part of BDW, put recently switched to R&T. It was agreed the Crosby would stay part of BDW as far as WAWSA plans go and did not need to be entered as its own member entity.

Gene Veeder made a motion to send the water supply agreements to the member entity boards for negotiations and signatures and to have the signed agreements returned to WAWSA by January 1, 2012.

Jerry Ranum seconded the motion, motion carried unanimously.

Project Updates

Corey Chorne informed the board that everything was moving along and nothing eventful to report. Cory reminded the board that there was going to be a bid opening on System IV and next would be a bid opening on water service to Crosby. The board was updated on the status of easements from Wildrose to Crosby and the fact that some easements were ready to be paid. Liz Suhr is allowed to pay the easements as they become finalized and add the amounts to the next month's pay voucher.

Metro construction has completed the contract for the US 2 to County Highway 7 Watermain and has submitted change order No 3 that finalizes the project. Metro has nothing outstanding and the warranty period began on 12-01-2011. Bert Anderson made a motion to approve the final inspection and change

order No 3 for the US 2 to County Highway 7 Watermain. Liz Suhr seconded the motion, motion passed unanimously.

Discussion was started on the water treatment plant expansion project. The project has entered the final design phase; however some geotechnical services are required. Two companies submitted proposals for these services. AE2S is recommending Braun Intertec based on cost as both companies are reputable and have worked with AE2S in the past. Mark Owan made a motion to accept the recommendation from AE2S. Ward Koeser seconded the motion, motion passed unanimously.

Task Orders

Cory Chorne presented the board with Task Order 15E BDW/Crosby Service Area and Task Order 15F Stanley Service Area. Both task orders are hourly agreements that look into sign ups, feasibility, and cost estimates for the projects. There were questions raised as to whether Stanley was part of North Prairie and not wanting to compete with another system. It was explained the WAWSA and North Prairie would work together to make sure all areas are covered without interfering with each other's territories, with the goal on both sides to get water to the people and service the entire area. Mark Owan questioned why this work was needed. Cory and David Johnson explained that these task orders would give a more accurate information base to present to the Governor in regards to his yearly budget and also to help with needs, interest, and hook ups to the projects. Gary Rust made a motion to approve task orders 15E and 15F. Liz Suhr seconded the motion, motion passed with a vote of: Liz Suhr yes, Gene Veeder yes, Mark Owan no, Jeffrey Mattern yes, Karen Burau yes, Denton Zubke yes, Jerry Ranum yes, Gary Rust yes, Bert Anderson yes, and Ward Koeser yes.

Board Entered Executive Session

Gene Veeder made a motion to enter Executive Session. Karen Burau seconded the motion, motion carried unanimously.

Gene Veeder made a motion to adjourn Executive Session. Ward Koeser seconded the motion, motion carried unanimously.

Request from Independent Water Providers

The Independent Water Providers (IWP) entered the room to discuss the fill depots. Introductions were given by everyone in attendance. Those present were: Steve Mortenson, Mike Forman (Council for the Independent Water Providers and Council for Lindale Pipeline), Donald Simpson, Lorane Simpson, Pat Wheeler, Dave K, Dallas Lalim, Greg Quarne, Mike Ames, Ryan, Drew Cocus, and Bruce Johnson.

Steve Mortenson presented the board with a copy of a letter that they drafted that included information on what IWP member would be impacted by the current locations of the proposed WAWSA Fill Depots and also some options that they feel would work to lessen the impact on that member.

Mike Forman presented the board with a letter from Lindale Pipeline, LLC that included information on current and future Lindale Pipeline locations. Mike Forman wanted to verify that the Lindale Pipeline was being taken into account in the planning for WAWSA as it is a private water provider just like the depot owners. Mike discussed the exhibit that was attached to the letter and how the Lindale Pipeline could be affected by WAWSA.

Steve Mortenson wanted to go on record as feeling that there has not been regular contact with the IWP in regards to depot locations. Mark Owan asked for clarification on their definition of impacted. Steve Mortenson clarified that impacted would be a large downslide in sales due to the WAWSA depot opening. Steve Mortenson went over the exhibit that was attached to the letter and answered any questions the board may have. The question was raised by Steve Mortenson as to the amount of water being sold according to the current figures. His estimates show that in 2010 the estimate for water sales was 3 fracs per day and was curious as to the amount of water currently being shown as sales for WAWSA.

The floor was opened for discussions or questions from either side. One question that was raised was will heated water be going to all of the depots or just a few and would the water heating service be available for independent providers if wanted? Denton Zubke added that there was no need for discussion on the Indian Hills Water Depot or the North Williston Water Depot as they both have part of the projected plan from the beginning. As far as hot water to these depots, it has not been decided as of yet. IWP feels that to minimize the number of fill spots is possibly the best option to keep things fair. Questions were raised on compensation to providers for impact losses from the opening of a fill depot. The board questioned if they would receive compensation if a provider built a depot near one of the WAWSA depots.

IWP thanked the board for the time and discussion and exited the meeting.

Board Entered Executive Session


Jerry Ranum made a motion to enter Executive Session. Karen Bureau seconded the motion, motion carried unanimously.

Bert Anderson made a motion to adjourn Executive Session. Gene Veeder seconded the motion, motion carried unanimously.

Ward Koeser made a motion to bill the City of Williston for Change Order No. 3 for the US 2 to County Highway 7 project for the second water connection to the Bakken Industrial Park and leave it up to the City of Williston to break out the billing. Jerry Ranum seconded the motion, motion carried unanimously.

Jerry Ranum made a motion to adjourn and Karen Bureau seconded the motion, motion carried unanimously.


Denton Zubke
Chairman


Karen Bureau
Secretary