

Western Area Water Supply Authority
Board of Directors Meeting
Williston City Hall
Tuesday, March 13, 2012
1:30 p.m.

Attendees

Members Present: Denton Zubke, Bert Anderson, Gary Rust, Gene Veeder, Karen Burau, Ward Koeser, Liz Suhr, Mark Owan, Jaret Wirtz, Kent Bickler, and Alternate Jeffrey Mattern via telephone, Brent Bogar

Members Absent: Michelle Klose

Others Present: Alternate Ben Clarys (WRWD), Cory Chorne (AE2S), Melinda Rasmussen (AE2S), Cal Thelen (AE2S), Steve Burian (AE2S), Tami Norgard (Vogel Law Firm), Jeff Nelson (Vogel Law Firm), Dan Musson (Armstrong International), Jeff Romig (Armstrong International), Steve Mortenson (IWP), Kolten Knatterud (Territorial Land Works)

Meeting called to order

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

Approval of Agenda

Changes made to agenda: Under project updates, add 11 Regional Water Service Phase II Pump Stations and Reservoirs and item 12 Rural Water Expansion Plan. Item 3 under IWP should be IWP Testimony at the North Dakota State Water Commission.

Bert Anderson made a motion to approve the agenda with these changes. Liz Suhr seconded the motion, motion passed unanimously.

Approval of Minutes

Discussion was held on the February 14, 2012 meeting minutes.

Gene Veeder made a motion to accept the February 14, 2012 meeting minutes with no changes. Gary Rust seconded the motion, motion passed unanimously.

Discussion was held on the February 23, 2012 Conference Call meeting minutes.

Brent Bogar made a motion to accept the February 23, 2012 meeting minutes with no changes. Karen Burau seconded the motion, motion passed unanimously.

Financial Report

The financial report was presented for consideration and was open for discussion. As requested by the board, a monthly budget vs. actual page has been included into the financial report. Steve Burian suggested that two more columns be added to this page that included a Year to Date Budget and Year to Date Actual.

Gary Rust made a motion to accept the financial report, Liz Suhr seconded the motion, motion passed unanimously.

Payment Voucher

Jaret Wirtz explained payment voucher 9-32012 and Denton Zubke opened discussion. Gene Veeder made a motion to approve payment voucher 9-32012 for \$1,041,359.64. Brent Bogar seconded the motion, motion passed unanimously.

Executive Director Report

Jaret Wirtz updated the board on the Administrative Assistant position. A business manager is scheduled to start on March 26, 2012.

Jaret Wirtz updated the board on Office Space. Gary Wendel has stated that the project is still slated to be done some time in April. Jaret Wirtz and the business manager will be working out of a temporary space in the AE2S office until the permanent space is available to move into.

Jaret Wirtz handed out the rate increase explanation from AE2S and discussed the rate increase.

Jaret Wirtz discussed water hook up requests and the procedure for approval after the initial sign up is completed and the project is under construction. The request for the hookup will go to the member entity for initial approval. Once approved, the member entity will send the request to the executive director to present to the board. Then WAWSA will give final approval for the hookup.

Jaret Wirtz presented an update on the Rural Water Expansion. The board was informed of the latest signup meetings and the number of initial sign ups.

Jaret Wirtz updated the board on the North Dakota Water Coalition Subcommittee. The next meeting will be on March 19, 2012. Denton Zubke will be attending.

Jaret Wirtz presented his testimony given at the State Water Commission Meeting. An update of the project was given to the State Water Commission. Jeffrey Mattern clarified that the board should show the project costs with the first \$150 Million and show any expansions on any additional money requested.

Jeff Romig with Armstrong updated the board on the status of the 2nd Street Depot, North Williston Depot, and Future Water Depots. Jeffrey Mattern questioned about ports that will be open to the public and not under contract. Denton Zubke updated the status of depots that will have ports open to noncontract water sales. All depots except the North Williston site will have ports that are open for public, non-contract sales. North Williston is an exception since Armstrong is constructing, owning and operating that depot site, with WAWSA having public sales access only if Armstrong's hot water clients do not buy sufficient water from WAWSA to justify WAWSA stepping in.

Jaret Wirtz opened discussion on changing the date of the monthly WAWSA meetings. If the meetings are moved to the third Wednesday of every month, each member entity board would have had their monthly meetings by then. That day will also give staff time to prepare for the board meetings. The time of the meetings will remain at 1:30 pm.

Membership Agreements

Jeff Nelson updated the board on discussions held with Brian Neugebauer, counsel for the City of Williston, and Kent Reiersen, counsel for WRWD and R&T, and the executive committee for WAWSA. A memo was included in the board packet explaining some of the topics discussed and changes asked for.

One change that is not listed on the memo is the effective date of the membership agreements. The turnover of the industrial water sales will no longer be retroactive to January 1, 2012. The turnover will now have an effective date. Williston has set the date of the industrial sales turnover as March 1, 2012. Kent Reiersen is still looking at the agreements. Steve Burian requested clarification to assist with the budgeting and financials.

Bert Anderson made a motion to adopt the water supply agreements with the executive committee having authority to make minor changes as needed. Ward Koeser seconded the motion, motion passed unanimously.

Discussion continued on the clarification on revenue and expenses being prorated. Ward Koeser offered that Williston would accept the prorated amount of 10/12. Clarification was given on the water sales agreements in regards to dates. The agreements will have an effective date of January 1, 2012; however, the revenues and expenses will both turn over on the same date.

Gene Veeder made a motion to accept a turn over date from Williston of March 1, 2012. Gary Rust seconded the motion, motion passed unanimously.

Gene Veeder made a motion to accept a turn over date from McKenzie County Rural Water District of January 1, 2012. Bert Anderson seconded the motion, motion passed unanimously.

Ward Koeser made a motion to accept a turn over date from Williams Rural Water District of January 1, 2012. Mark Owan seconded the motion, motion passed unanimously.

Gary Rust made a motion to set a final signing date of April 1, 2012 or be removed from WAWSA. Gene Veeder seconded the motion, motion passed unanimously.

Jaret Wirtz updated the board on the sub-agreements and the intent to make the same changes to the sub-agreements that were made to the member agreements.

Steve Burian updated the board on the standing on the acquisition of the next \$75 Million. All member agreements must be signed before additional funding can be acquired. The member agreements are the only remaining item on the letter of conditions.

Project Updates

Jaret Wirtz discussed the Capital Accounting document. Jaret pointed out the Phase I and Phase II totals at the bottom of page 3. The estimated amount to date is still under the budget of \$110 Million. Steve Burian discussed the Capital Accounting document to alleviate any concerns about project costs and budgeted amounts.

Cory Chorne updated the board on the McKenzie County Regional Water Service project. The pump station at Indian Hills should be completely enclosed by the end of the month so work can begin from the electricians and mechanical contractors.

Cory Chorne updated the board on the McKenzie County System IV. This project is in the contract phase with Merryman. AE2S is in the process of setting up a preconstruction meeting for the project and obtaining easements

Cory Chorne updated the board on the Regional Water Service to Crosby. This project is in the contract phase. AE2S is in the process of setting up a preconstruction meeting for the project and finalizing easements.

Cory Chorne updated the board on the Regional Water Service Phase I Pipeline. This project is completed and will be removed from the updates.

The 26th Street pump station improvements are being finished up and preparing for final inspection. The generator did fail a test with the new pumping system. A technician has been lined up to give a quote on what the repair may take to get the generator to shut itself off when the power comes back on.

The Regional Reservoir No. 1 to Bakken Industrial Park Transmission Main is still under suspension and will begin construction again as soon as the contractor remobilizes.

The Regional Water Service Phase I Reservoir is in the contract phase. AE2S is in the process of setting up a preconstruction meeting for the project and closing on the property.

Cory Chorne updated the board on the Williston Water Treatment Plant Expansion and asked the board for permission to advertise the project with the alternates for the week of April 2, 2012 with a bid opening the week of May 7, 2012.

Brent Bogar made a motion to advertise the Williston Water Treatment Plant Expansion with the alternates. Ward Koeser seconded the motion, motion passed unanimously.

Part of the base project for the Water Treatment Plant Expansion was to include office space for WAWSA. While laying out the project, it was decided that this was no longer a likely option. The plan is to consider a new facility on the Water Treatment Plant site or at a new location.

Cory Chorne updated the board on the Regional Water Services Phase II Transmission Pipeline. This project is being bid as three contracts. Contract No. 1 is from Williston to Ray, contract No. 2 is from Williston to Watford City, and contract No. 3 combines both and is from Ray to Watford City. The bid opening is scheduled for April 5, 2012.

Cory Chorne updated the board on the Regional Water Service Phase II Pump Stations and Reservoirs. This project will also have a bid opening on April 5, 2012.

Cal Thelen updated the board on the Rural Water Expansion Plan and the sign up meetings that have been held. AE2S is working toward an April 15, 2012 sign up completion. As of right now, Williams Rural Water has approximately 300 signups in the rural areas. BDW may need to parallel the existing 10" line leading from Crosby to Fortuna and continuing to Columbus. Discussions have been held with Teresa Sundsbak of North Central Rural Water Consortium in Minot to establish a tentative divider line between the two systems. Cal updated the board on the number of hookups being requested in the Williams Rural Water District surrounding the City of Williston and started discussion on rates to charge for rural unit developments and policies for hook up. Denton requested some information on other areas and systems that have gone through this for comparison. Jeffrey Mattern suggested the Williams County, Williams Rural Water District, and the City of Williston have a sub-meeting to discuss the hookup requests that fall into the City of Williston Master Plan expansion into the county.

Brent Bogar left 2:55 pm.

Tami Norgard updated the board on receiving a signed easement from Mr. Gunderson.
Denton Zubke called a 10 minute break at 3:07 pm

Denton Zubke called meeting back to order at 3:16 pm

IWP Letters and Testimony

Tami Norgard updated the board on the progress of the open records request letter from Mike Forman and the IWP.

Denton Zubke opened discussion on the IWP letter to the Legislative Council and the letter handed out at the State Water Commission. Gene Veeder asked whether Jaret felt he was able to clarify some of the questions when he addressed the Water Commission and will they take that forward to the legislative council or is a response from the board needed. WAWSA has been asked to present at the next legislative council meeting. Jeffrey Mattern updated the board on a meeting the State Water Commission would be having with the IWP on March 29, 2012 at 1:00 pm.

Armstrong Agreements

Jaret Wirtz presented the board with the Escrow agreements with MDU for the construction of the natural gas pipelines.

Karen Burau made a motion to approve the escrow agreement. Bert Anderson seconded the motion, motion passed unanimously.

Bulk Fill Depots

Jaret Wirtz updated the board on the current information for the bulk fill depots. The purchase agreement for property has not been completed for the Alexander and Watford City fill depots as the location has not finalized yet. Meetings have been held with Walt Peterson with NDDOT to make sure locations are acceptable with him.

Gary Rust made a motion to authorize the executive committee to enter into the purchase agreements and decide on the offering price. Kent Bickler seconded the motion, motion passed unanimously.

No significant changes have occurred with the construction schedule of the bulk fill depots.

There have been some concerns about public access to the bulk fill depots and if WAWSA is obligated to provide public access to each depot. Jaret Wirtz updated the board on his intention to investigate this concern and report back to the board with his findings.

Bert Anderson made a motion to adjourn the meeting at 3:30 pm. Ward Koeser seconded the motion, motion passed unanimously.



Denton Zubke
Chairman



Karen Burau
Secretary