

## Western Area Water Supply Authority

Board of Directors Meeting  
Williston City Hall  
Wednesday, April 18, 2012  
1:30 pm

### Attendees

Members Present: Gary Rust, Kent Bickler, Mark Owan, Karen Burau, Gene Veeder, Denton Zubke, Brent Bogar, Ward Koeser, Michelle Klose and Jaret Wirtz

Members Absent: Bert Anderson and Liz Suhr

Others Present: Alternate Ben Clarys (WRWD), Alternate Jeffrey Mattern (SWC), Kim Schilke (WAWSA), Tami Norgard (Vogel Law Firm), Jeff Nelson (Vogel Law Firm), Les Bakken (City of Crosby), Jeffrey Romig (Armstrong Int'l), Mike Forman (IWP), Robert Harms (IWP), Cory Chorne (AE2S), David Johnson (AE2S), Cal Thelen (AE2S), Russ Sorenson (AE2S), Melinda Rasmussen (AE2S)

### Meeting called to order

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

### Approval of Agenda

Changes made to the agenda: The Bulk Fill Depot Purchase Agreement (Tab 20) will be discussed in executive session. Right of way will also be discussed in the executive session. Gary Rust made a motion to approve the agenda with these changes. Ward Koeser seconded the motion, motion passed unanimously.

### Approval of Minutes

Discussion was held on the March 13, 2012 meeting minutes. Gene Veeder made a motion to accept the March 13, 2012 meeting minutes with no changes. Brent Bogard seconded the motion. Motion passed unanimously.

### Financial Report

The financial report was presented for consideration and was open for discussion. Brent Bogar made a motion to accept the financial report, Karen Burau seconded the motion. Motion passed unanimously.

An invoice from Mountrail-Williams Electric Cooperative to provide power to the north Williston site was presented for payment; this is part of the improvement to the land. Ward Koeser made a motion to pay the \$21,000 invoice to MWEC, Gene Veeder seconded the motion. Motion passed unanimously.

### Payment Voucher

Michelle Klose brought to the board's attention that ND State mileage reimbursement rate has been at \$.51 per mile not the \$.555 per mile that the IRS uses for mileage reimbursement. The ND State did change their mileage reimbursement rate to \$.55 on April 17, 2012. Adjustments will be made to mileage payments to correct the \$.04 per mile over payments.

Michelle Klose addressed the issue of indemnification language in the contract with AE2S. As stated now in the WAWSA contract with AE2S, WAWSA has limited the liability of the engineering firm. She stated that state entities are not able to limit liability of any entity. She will get information to Denton Zubke that is

being used by the Water Commission; he will review this information and determine if any further discussion of the indemnification issue with AE2S is necessary.

Mark Owan made a motion to approve payment voucher 10-42012 for \$1,283,641.40. Kent Bickler seconded the motion. Motion passed unanimously.

### **Executive Director Report**

Jaret Wirtz updated the board about staffing, Kim Schilke was hired as the Business Manager and in the future a receptionist will be hired. There is a need for an attorney that specializes in governmental affairs. Denton Zubke explained what would be expected of the attorney and has visited with an individual concerning the position. There was discussion and Denton was asked to visit with the individual again and come back to the board next month with more details concerning the cost of hiring the attorney.

Jaret Wirtz updated the board on the office space. The office should be available the middle of May. The only issue is that they want a 5 year lease instead of the 2 years that was initially mentioned. Karen Burau and Jaret will visit with Gary Wendal concerning the lease.

Jaret Wirtz discussed Bulk Industrial Water Hookup contracts. Contracts for bulk industrial water can now be offered. Oil related industrial water sales requests will come to WAWSA and residential water sales requests will go to the local member entity.

Jaret Wirtz discussed the need for a notice that public water is available at the depots. The notice will go to local newspapers and on the WAWSA website.

Jaret Wirtz presented the board with an "Availability of Project Water for Voluntary Acquisition of Right of Way" Policy.

### **Availability of Project Water for Voluntary Acquisition of Right of Way**

#### **POLICY:**

**To meet the Business Plan, WAWSA needs to acquire a significant amount of right of way in a short time period.**

**For property owners who voluntarily enter into easement agreements or sell property to WAWSA, WAWSA will favorably consider providing water service from the Project if requested by these property owners. If the property owner is served by a WAWSA member, the WAWSA board will recommendation to the member that service be provided to the property owner.**

**For any property owner who does not voluntarily grant an easement or sell property to WAWSA, where condemnation is initiated, WAWSA will likely not consider any requests for project water from the owner of the condemned property. If water service is instead provided by a WAWSA member system, the WAWSA board will likely recommend that the member deny any requests for service from that property owner.**

Following discussion, Gene Veeder made a motion to draft the policy. Ward Koeser seconded the motion. Motion passed unanimously.



Jaret Wirtz presented the board with the "Acquisition of Right of Way Policy".

### Acquisition of Right of Way

#### **POLICY:**

The Legislature authorized the WAWSA Business Plan, which is based on an aggressive construction schedule in order to facilitate the prompt delivery of water and water sales to finance the project. To that end, the Legislature authorized WAWSA to use 'quick take' eminent domain proceedings as needed to obtain right of way for this legislatively recognized public project.

While WAWSA has the power of eminent domain, the Board emphasizes that it hopes to obtain right of way and reservoir sites by voluntary acquisitions if possible. In addition to written requests for easements, WAWSA policy will include phone calls and personal meetings with staff or right of way agents where convenient to answer landowner concerns. WAWSA will consider modifying alignments or locations where reasonable and cost effective. In the absence of agreement, condemnation will be considered by the Board to facilitate the construction schedule.

It is WAWSA policy to offer a uniform rate for right of way to all private property owners for the regional transmission pipeline easements, except where other rates are warranted based upon appraisals.

Policy was open for discussion. Ward Koeser made a motion to approve the policy. Mark Owan seconded. Motion passed unanimously.

Jaret Wirtz updated the board on a new hookup requested for McKenzie County System 4 Part 2. Gene Veeder moved to approve the hookup, Gary Rust seconded the motion. The motion passed unanimously.

Denton Zubke gave his report on the Water Coalition Subcommittee meeting he attended on March 19, 2012.

Jaret Wirtz gave a report on the March 29, 2012 meeting with ND State Water Commission Policy Subcommittee in Bismarck. IWP stated their concerns and WAWSA stated the progress of the project and how they have minimized impact to IWP. Michelle Klose stated that the commissioners appreciated the meeting and the information provided. Denton Zubke, Jaret Wirtz, Jeffrey Mattern, and Michelle Klose met with Steve Mortenson, IWP and Bob Harms today and plan to meet with them again in the future.

Jaret Wirtz presented a letter that was sent to Ron Rauschenberger clarifying some information that was given at the Water Commission meeting.

Armstrong International reported that the North Williston Depot should be operational by the middle of May.

A motion to add Kim Schilke and Jaret Wirtz, replacing Liz Suhr, to the accounts at First National Bank was made by Brent Bogar, seconded by Gary Rust. Motion passed unanimously. Motion to allow Kim Schilke to get a credit card and cancel Liz Suhr's credit card was made by Gary Rust, seconded by Brent Bogar. Motion passed unanimously.

Jaret Wirtz present the North Dakota Employees Retirement System Resolution that need to be approve for WAWSA employees to participate in the NDEPS.

A motion was made by Gene Veeder for WAWSA to affirm to North Dakota Public Employees Retirement System that WAWSA is formed pursuant to N.D.C.C. §HB 1206 and is neither a non-profit nor a for-profit corporation, to join the NDPERS Defined Benefit Retirement Plan and offer the plan to all eligible employees

of the WAWSA. The motion was seconded by Karen Burau. The Board approved joining the NDPERS Defined Benefit Retirement Plan effective June 1, 2012.

A motion was made by Gene Veeder for WAWSA to affirm to North Dakota Public Employees Retirement System that WAWSA is formed pursuant to N.D.C.C. §HB 1206 and is neither a non-profit nor a for-profit corporation, to join the NDPERS Deferred Compensation Plan and offer the plan to all eligible employees of the WAWSA. The motion was seconded by Karen Burau. The Board approved joining the NDPERS Defined Compensation Plan effective June 1, 2012.

### **Membership Agreements**

Jeff Nelson, Attorney with Vogel Law Firm, went over the changes to the Member Agreements.

Water sales to Williams Rural Water District are conditional upon the completion of the annexation agreement between the City of Williston and WRWD. Gary Rust made a motion to not sell water to WRWD until the annexation agreement is completed, Karen Burau seconded. Motion carried unanimously.

Jaret Wirtz presented the Access and Use Sub Agreement form for the board's approval. Brent Bogar made a motion to accept the form, Mark Owan second. Motion passed unanimously.

The Series "Series 2010A Supplemental Indenture for Issuance of Western Area Water Supply Authority Utility System Revenue Notes for \$50,000,000.00 was presented for approval. The document would allow Denton Zubke, chairman and Karen Burau, secretary, to sign the loan documents on behalf of the board. Mark Owan made a motion to approve, Brent Bogar seconded. Motion carried unanimously.

### **City of Crosby**

WAWSA received a letter of support from the City of Crosby. The City of Crosby has made a request to BDW to no longer be a part of BDW; a motion was made by Gene Veeder to enter into a Water Supply Agreement with Crosby as a non-voting member. Brent Bogar seconded the motion. Motion carried unanimously. BDW will need to find a new board member to replace Bert Anderson, who lives in Crosby.

The City of Crosby presented a request for reimbursement for a water pipe in the amount of \$194,436.00; this is a pipeline that will be used by WAWSA. The board would like time to study the request.

### **Williams Rural Water District**

Cal Thelen, AE2S, presented the WRWD West Expansion Phase 1, to expand the WRWD user base. It is a number one priority for WRWD. Estimated cost for phase 1 is \$5,000,000.00. Gene Veeder made a motion for AE2S to prepare a task order for the final design of the WRWD West Expansion Phase 1 project for WAWSA board's consideration. Gary Rust seconded. Motion carried unanimously.

Denton Zubke called a 10 minute break at 3:30 pm.

### **Project Updates**

The Capital Accounting document was discussed by David Johnson of AE2S.

Cory Chorne (AE2S) gave project updates to the board:

- McKenzie County Regional Water Service - The pipeline should be installed under the Missouri River within the next three to four weeks. The pump station and fill station operational date of June 14<sup>th</sup>. A change order was received on April 17, 2012 because of a contractor delay that cost the MCWRD



\$78,000.00. The delay was caused by the IWP letter challenging the Environmental Assessment that resulted in the Corp of Engineers requesting the project be shut down while they considered the challenge.

- McKenzie County System IV – Construction will begin soon
- Regional Water Service to Crosby – Contractor is on site and should begin construction tomorrow.
- Regional Water Service Phase 1 Pipeline - Construction completed, testing and flushing remain.
- 26<sup>th</sup> Street Pump Station Improvements - A change order for approval from John T. Jones for \$23,629.20 for inspection and repairs to the existing emergency generator controls. Ward Koeser made a motion to approve Change Order #3 for \$23,629.20. Gene Veeder seconded the motion, motion passed unanimously.
- Regional Water Service Phase I Reservoir - Construction has started and plan on having it operational by late summer.
- Williston Water Treatment Plant – Advertising will go out May 2, 2012 for bids and May 28, 2012 will be the bid opening. Recommendation will be brought to the June meeting.

### **Construction Contact Awards**

Cory Chorne (AE2S) presented the bids for construction of the Regional Water Service Phase II Transmission Pipeline for Contract No. 1 Transmission Main Construction to R&T Association, AE2S recommended acceptance of the low bid by S.J. Louis Construction with a bid of \$14,223,592.00. Kent Bickler made a motion to award Contract 1 to Ray to S. J. Louis Construction with a bid of \$14,223,592.00, Ward Koeser seconded the motion. Motion passed unanimously.

Cory Chorne (AE2S) presented the bids for construction of the Regional Water Service Phase II Transmission Pipeline for Contract No. 2 Transmission Main Construction to Watford City, AE2S recommended acceptance of the low bid by Ryan Construction with a bid of \$12,041,805.00. Karen Burau made a motion to award Contract 2 to Watford City to Ryan Construction with a bid of \$12,041,805.00, Gene Veeder seconded. Motion passed unanimously.

Cory Chorne (AE2S) presented the bids for construction of the Regional Water Service Phase II Reservoir Contract No. 3 Combined Reservoir Construction. AE2S recommended acceptance of the low bid by Engineering America, Inc. of \$5,199,000.00 for all reservoirs. Gene Veeder made a motion to award the bid to Engineering America, Inc. with a bid of \$5,199,000.00, Gary Rust seconded the motion. Motion passed unanimously.

Cory Chorne (AE2S) presented the bids for construction of the Regional Water Service Phase II Pump Stations Contract No.1 General Construction. AE2S recommended acceptance of the low bid by John T Jones Construction Co for the General Construction with a bid of \$5,049,000.00. Gary Veeder made a motion to award the bid to John T Jones Construction with a bid of \$5,049,000.00, Kent Bickler seconded the motion. Motion passed unanimously.

AE2S recommended acceptance of the low bid by Cofell's Plumbing and Heating, Inc. for the Regional Water Service Phase II Pump Stations Contract No. 2 Mechanical Construction with a bid of \$420,000.00. Mark Owan made a motion to award the bid to Cofell's Plumbing and Heating, Inc. with a bid of \$420,000.00, Brent Bogard seconded. Motion passed unanimously.

AE2S recommended acceptance of the low bid by John's Refrigeration and Electric, Inc. for the Regional Water Service Phase II Pump Stations Contract No. 3 Electrical Construction with a bid of \$2,198,600.00. Brent Bogar made a motion to award the bid to John's Refrigeration and Electric, Inc. with a bid of \$2,198,600.00. Mark Owan seconded. Motion passed unanimously.

## **IWP**

Tami Norgard (Vogel Law Firm) discussed the list of documents and other information that have been developed for WAWSA, which was given to IWP so that they may refine their information request. She received an email on April 17<sup>th</sup> with IWP's request and will get electronic copies of the documents to IWP.

## **Bulk Fill Depot**

Jaret Wirtz gave a construction update on the progress of the expected time lines.

## **Board Entered Executive Session**

Gene Veeder made a motion to enter into Executive session, Gary Rust seconded. Motion passed unanimously. The board entered Executive Session at 4:30pm.

Gene Veeder moved to exit out of executive session, Brent Bogar seconded. Motion passed unanimously. The board left Executive Session at 5:15pm.

## **Purchase agreements**

Gene Veeder made a motion to offer \$20,000.00 per acre for the 5 acre Alexander depot site, Ward Koeser seconded. Motion passed unanimously. This price is comparable to other sales in the area.

Gary Rust made a motion to offer \$5,000.00 per area for the 3 acre Watford City depot site, Karen Burau seconded. Motion passed unanimously.

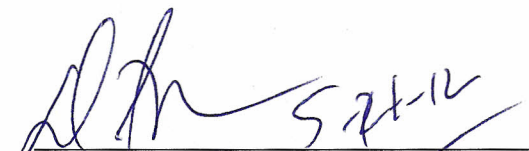
Karen Burau made a motion to offer \$22,500.00 per acre for the 3 acre at the Arnegard Reservoir site provided all easements are signed. Ward Koeser seconded. Motion passed unanimously.

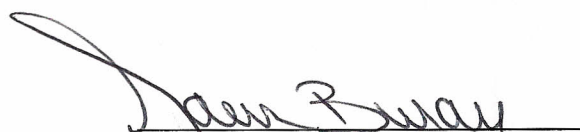
Gene Veeder made a motion to offer \$22,500.00 per acre for the 3 acre at the Alexander Reservoir site provided all easements are signed. Karen Burau seconded. Motion passed unanimously.

Gary Rust made a motion to allow the executive committee to pass a resolution of condemnation if needed to obtain easements to support the construction schedule. Kent Bickler seconded the motion. Motion passed unanimously. It is the board's intent to do everything they can to get easements before going to condemnation.

Jaret Wirtz presented the BlueCross/BlueShield plan for employees. Ward Koeser moved to approve the insurance plan, Gary Rust seconded. Motion passed unanimously.

Brent Bogar made a motion to adjourn the meeting at 5:15pm. Gary Rust seconded. Motion carried.

  
Denton Zubke  
Chairman

  
Karen Burau  
Secretary