

**Western Area Water Supply Authority  
Board of Directors Meeting  
WAWSA Office  
Tuesday July 26, 2016**

**Attendees**

Members Present: Chris Brostuen, Raoul Brandt, Zach Gaaskjolen, Ellis Haake, Ward Koeser, Mark Owan, Gary Rust and Gene Veeder.

Members Absent: Bert Anderson, and Denton Zubke.

Others Present: Jaret Wirtz (WAWSA), Kim Schilke (WAWSA), Jason Slater (WAWSA), Tami Norgard (Vogel Law Firm), Cory Chorne (AE2S), Dustin Schultz (AE2S), Jeff Shaffer (MCWRD) and Rory Nelson (Governor's Office).

**Meeting Called to Order**

Chairman Mark Owan called the meeting to order at 1:00 pm.

**Approval of Agenda**

The Agenda was presented for approval. **Rust moved to approve the agenda, Brostuen seconded.**

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

**Approval of the Minutes**

Minutes of the June 28, 2016 board meeting were presented for approval. **Haake moved to approve the minutes as presented, Koeser seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

**Financial Report**

The June financial reports were presented for consideration and discussion. **Veeder moved to accept the financial reports as presented, Haake seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

**SWC Grant Requests**

The SWC \$39.5M Grant request 24-72616 in the amount of \$20,150.00 and the SWC \$60M Grant request 8-72616 in the amount of \$4,951,672.56 were presented to the board for their approval. **Koeser moved to approve the SWC grant requests, Rust seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

**NDIC Capital Reimbursement Request**

Wirtz presented the board with the industrial capital improvements pay request in the amount of \$699.75. **Brostuen moved to approve the reimbursement request to NDIC, Koeser seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

### 1st Dakota Enterprises Payment Request

Wirtz presented the board with 1<sup>st</sup> Dakota Enterprises payment request # 1 in the amount of \$174,852.00 for the office/shop renovations. **Veeder moved to approve the payment to 1<sup>st</sup> Dakota Enterprises, Haake seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

## Executive Director's Report

### System Updates & Industrial Sales Report

Wirtz gave a system update.

The industrial sales for June were \$804,139.00.

### McKenzie Electric Cooperative Capital Credits

McKenzie Electric Cooperative is offering to pay 23% of the current value of the unretired Cooperative patronage capital. Koeser made a motion to accept the 23% Cooperative payment. Motion died for lack of second. Norgard is going to check on the time frame that patronage capital is paid out. This will be revisited at the next board meeting.

### \$10 Million Loan

Wirtz reported that the R&T and WRWD boards have approved applying for \$5 Million Drinking Water Revolving Loan Fund each.

Wirtz reported that we are out of loan dollars until the Drinking Water Revolving Loans are approved. The board requested Wirtz to check on interim financing from BND. WAWSA does have cash on hand to pay construction costs until the loans are approved.

### Armstrong

Wirtz notified the board that Armstrong representatives, AE2S engineers and himself walked through the depots to determine what infrastructure that is owned by Armstrong is needed by WAWSA to sell cold water. Armstrong will present WAWSA with a purchase price for the needed infrastructure. Armstrong will be removing all heating equipment. Wirtz asked that the WAWSA Executive Committee be given the authority to review and negotiate with Armstrong on the purchase price. **Veeder made a motion to allow the WAWSA Executive Committee to review and negotiate with Armstrong on the purchase price and report back to the full WAWSA board for their approval, Rust seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

### ND Water Topics Overview Committee Meeting

The ND Water Topics Overview Committee will meet in Watford City on August 24<sup>th</sup> and 25<sup>th</sup>. Items on the agenda include Southwest Water Authority, WAWSA and Quick Take. Wirtz and Owan will be making a presentation about WAWSA.

### Tioga Stand Tank Purchase

WAWSA had signed a purchase agreement with the City of Tioga for the Tioga Stand Tank, however the sale of the tank has to go to public bid. WAWSA will submit a bid for the tank with the stipulation that the insurance proceeds, for storm damages to the tank, be assigned to WAWSA.

### Employee Compensation

Second quarter employee bonus evaluations have taken place. Chairman Owan recommended a 10% 2nd quarter bonus for Executive Director Jaret Wirtz. **Koeser moved to give Wirtz a 10% 2nd quarter bonus based on Chairman Owan's recommendation, Rust seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

### Project Updates

Chorne presented a current water demand report and the Capital Accounting Report.

Schultz presented the board with project updates.

### MCWRD East Transmission Expansion

Schultz presented Merryman balancing Change Order #9 in the amount of a \$355,080.90 to the board for their approval. **Brostuen moved to approve balancing Change Order #9, Haake seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

### MCWRD System 1 Tobacco Gardens Alt 1

Schultz presented Murphy Pipe & Civil LLC Change Order #2 in the amount of a \$30,810.00 for cased highway bores to the board for their approval. **Koeser moved to approve Change Order #2, Brostuen seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

### WRWD East Transmission Main Part 2

Schultz presented JMAC Change Order #1 in the amount of a \$23,618.80 for cost incurred because of incorrectly make WRWD waterlines and remobilization costs because of easement issues to the board for their approval. **Veeder moved to approve Change Order #1, Haake seconded.** The board decided to invoice WRWD for the cost incurred because of their waterline not be marked correctly.

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

### Letter to Corps of Engineers - WRWD East Transmission Main Part 2

Wirtz presented the board with a draft letter to the Corps of Engineers (COE) asking for the COE to allow WAWSA to construct the transmission main without delay while the COE and a landowner settle a dispute that does not involve WAWSA. **Brostuen made a motion authorizing Chairman Owen to sign the letter as presented to the COE, Haake seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

**Blacktail Dam Rural Distribution Part 1**

Schultz presented Muth Electric Change Order #3 in the amount of a \$1,057.54 for a dehumidifier to the board for their approval. **Brostuen moved to approve Change Order #3, Rust seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

**BDW Rural Distribution Part 1 Alternate 1**

Schultz presented Carstensen Contracting Change Order #7 in the amount of a \$3,300.00 for a dual PRV/Meter pit assembly to the board for their approval. **Rust moved to approve Change Order #7, Haake seconded.**

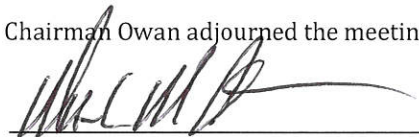
AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

**Engineering Task Order Amendment**

Schultz presented engineering amendment #1 to Task Order #41 for the MCWRD South Watford City By-Pass Transmission Main in the amount of \$502,000.00. **Veeder moved to approve the amendment to Task Order #41, Brostuen seconded.**

AYE: Veeder (also voting for Zubke), Brandt, Gaaskjolen, Koeser, Rust (also voting for Anderson), Brostuen, Haake, Owan  
NAY: 0  
CARRIED: 10-0

Chairman Owan adjourned the meeting.

  
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Mark Owan, Chairman

  
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Kim Schilke, Secretary