

**Western Area Water Supply Authority
Board of Directors Meeting
WAWSA Office
Thursday - January 19, 2017**

Attendees

Members Present: Chris Brostuen, Raoul Brandt, Ellis Haake, Richard Liesener, Mark Owan, Gary Rust and Gene Veeder.

Members Absent: Bert Anderson, Ward Koeser and Denton Zubke.

Others Present: Jaret Wirtz (WAWSA), Kim Schilke (WAWSA), Todd Pokrzywinski (WAWSA), Jason Slater (WAWSA), Jacob Monson (WAWSA), Tami Norgard (Vogel Law Firm), Cory Chorne (AE2S), Dustin Schultz (AE2S), Steve Burian (AE2S), Weston McGruder (AE2S), Jeff Shaffer, (MCWRD), Ben Clarys (WRWD), Rory Nelson (Governor's Office), Aaron Weber (Johnson & Sundeen) and Tim Melby.

Meeting Called to Order

Chairman Owan called the meeting to order at 9:00am.

Board Re-Organization

Vice-Chairman Brostuen called for nominations for Chairman. **Haake moved and Rust seconded to nominate Mark Owan for Chairman. Veeder made a motion that nominations cease and cast a unanimous ballot for Mark Owan for Chairman, Brandt seconded.**

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Owan called for nominations for Vice-Chairman. **Rust moved and Haake seconded to nominate Chris Brostuen and cast a unanimous ballot for Chris Brostuen for Vice-Chairman.**

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Owan called for nominations for Secretary-Treasurer. **Rust moved and Brostuen to combine the position Secretary and Treasurer.**

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Brostuen moved and Liesener seconded to nominate Kim Schilke for Secretary-Treasurer. Brostuen moved nomination cease and cast a unanimous ballot for Kim Schilke, Rust seconded.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Approval of Agenda

The Agenda was presented for approval. Liesener asked that the items #26, #27 & #28 for NW Construction be removed from the Consent Agenda and be addressed at next month's board meeting. Wirtz noted that item 6A – Bonding Authority will need a motion. **Brostuen moved to approve the agenda as amended, Haake seconded.**

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Approval of the Minutes

Minutes of the December 20, 2016 board meeting were presented for approval. **Brostuen moved to approve the meeting minutes as presented, Liesener seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

Financial Report

The December General financial report and the December Industrial financial report were presented for consideration and discussion. **Veeder moved to accept the financial reports as presented, Brandt seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

1st Dakota Enterprises Payment Request

Wirtz presented the board with 1st Dakota Enterprises payment request #6 in the amount of \$114,030.00 and pay request #7 in the amount of \$205,956.45 for the office/shop renovations. Wirtz recommended paying request #6 and not paying #7 until work is completed. **Liesener moved to approve the payment #6 and table payment #7 to 1st Dakota Enterprises, Haake seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

Executive Director's Report

Landowner – Lorraine Melby

Aaron Weber with Johnson & Sundeen addressed the board on behalf of his client Lorraine Melby. In the process of WAWSA installing a rural water line to Lorraine Melby's residence a geo thermal line used for heating and cooling was damaged. The WAWSA engineer had met with Mrs. Melby's son to discuss the route before the rural line was installed. Mr. Melby addressed the board concerning his conversation with the engineer. WAWSA tried to resolve the issue and repair the lines at a cost of approximately \$10,000.00. Wirtz stated that a new system would need to be installed, however Wirtz did not feel it was WAWSA's financial responsibility since we staked the line according to the discussion between the engineer and Mr. Melby. **Liesener made a motion to move issue to the Executive Committee to gather more information and bring back a recommendation to the board at the February board meeting, Brandt seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

System Updates & Industrial Sales Report

Wirtz gave a system update.

Williston WTP Operations and Staffing

Wirtz reported that there has been discussion with the City of Williston about turning the operation of the Williston Regional Water Treatment Plant over to WAWSA since WAWSA pays all the expenses for the Water Treatment Plant. A transition plan to turn the operations of the Williston RWTP over to WAWS in efficient manner will be developed. There is no intention to change staff or leadership and the timing would be over the next one to five years. **Liesener made a motion to approve AE2S's Task Order #53 to develop a master transition plan to move the operation of the Williston WTP to WAWSA, Haake seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

Industrial Sales

The industrial sales for December were \$1,257,231.00. Wirtz noted that the WAWSA market share of statewide industrial water sales for 2016 was 10.8%.

NDIC

Wirtz reported that the R & T and WRWD loans were approved by the NDIC.

2017 Legislative Session

Wirtz reported that WAWSA is looking for \$30M in funding for the next biennium projects. The board discussed that to obtain future loans, WAWSA needs bonding authority. **Liesener made a motion to pursue approval of bonding authority for WAWSA from the State Legislature, Rust seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan

NAY: 0

CARRIED: 9-0

Wirtz discussed the restructuring of the industrial debt. WAWSA is trying to be proactive, even though it is the State's debt. AE2S has designed a restructuring plan that will be presented to the Legislature.

Brian Powell

Wirtz reported that Brian Powell fell at the Watford City Depot in February 2015 and has filed a suit against WAWSA. This claim was denied by NDIRF. He has now filed a Civil Action against WAWSA. A NDIRF attorney is handling the complaint.

Crop Damage Policy

The board asked that farmers be contacted about crop damage. At this time WAWSA's crop damage policy requires proof of crop price. It was suggested that a farmer have the option to provide proof of the crop price or be paid the county average harvest price. WAWSA's crop damage policy will be updated and presented at the February board meeting.

Member Weighted Voting

As per the WAWSA Bylaw beginning on January 1, 2017 and every three years thereafter the Average Annual Water Volume shall be determined and the number of additional votes of each Appointed Director recalculated. Each director receives one vote plus the additional votes. The new votes per member entity are BDW 3 votes (1.5 votes per director), City of Williston 14 votes (7 votes per director), R & T 5 votes (2.5 votes per director), MCWRD 6 votes (3 votes per director) and WRWD 4 votes (2 votes per director) for a total of 32 votes. **Rust moved to approved the new director votes, Haake seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan

NAY: 0

CARRIED: 9-0

AE2S 2017 Rate Increase

Chorne presented AE2S's 2017 Hourly Fee and Expense Schedule to the board. The rate increase reflects AE2S's 2016 rates for the 2017 year. **Haake moved to accept the rate increase, Brostuen seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan

NAY: 0

CARRIED: 9-0

Employee Compensation

Fourth quarter employee bonus evaluations have taken place. Chairman Owan recommended a 10% 4th quarter bonus for

Executive Director Jaret Wirtz. **Veeder moved to give Wirtz a 10% 4th quarter bonus based on Chairman Owan's recommendation, Rust seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

Project Updates

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

Consent Agenda

It was moved by Brostuen and seconded by Haake that the following items contained in the Consent Agenda be approved.

All items under the Consent Agenda will be enacted by one motion and a roll call vote. There will no separate discussion of these items.

- JMAC Resources Certificate of Substantial Completion TO #25
- CB&I Constructors, Inc. Certificate of Substantial Completion TO #25
- Muth Electric Final Inspection and Acceptance TO #25
- NW Certificate of Substantial Completion TO #31 Base
- NW Final Inspection and Acceptance TO #31 Base
- John's Refrigeration Certificate of Substantial Completion TO #32
- John's Refrigeration and Electric Final Inspection and Acceptance TO #46
- Engineering American, Inc. Certificate of Substantial Completion TO #46

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

MCWRD System 1 – Tobacco Gardens

Schultz presented Murphy Pipe and Civil Change Order #7 for Task Order #24 base in the amount of a decrease of (\$80,000.00) for removal of allowance for meter vault and booster station refurbishment work from contract. **Rust moved to approve Change Order #7, Veeder seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

Schultz presented Engineering Task Order #42a Amendment #1 in the amount of an increase of \$50,000.00 and Engineering Task Order #41a Amendment #1 in the amount of an increase of \$50,000.00 to the board for their approval. **Veeder moved to approve Amendment #1 to Task Order #42a and Amendment #1 to Task Order #41a, Rust seconded.**

10:55am Owan stepped out of meeting.

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen,
NAY: 0
CARRIED: 8-0

WRWD East Transmission Main Part 2

Schultz presented Rice Lake Construction Change Order #3 in the amount of a decrease of (\$27,481.01) for the deletion of bituminous pavement to the board for their approval. **Liesener moved to approve Change Order #3, Haake seconded.**

11:00am Veeder stepped out of meeting.

AYE: Liesener, Brandt, Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 7-0

Schultz presented JMAC Resources, Inc. balancing Change Order #2 in the amount of \$185,605.10 to the board for their approval. **Brostuen moved to approve Change Order #2, Rust seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

R & T Stanley Rural Distribution – Part 1

Schultz presented John's Refrigeration & Electric, Inc. Change Order #1 in the amount of \$7,170.75 for miscellaneous items to the board for their approval. **Brostuen moved to approve Change Order #1, Haake seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

WRWD Epping Distribution Part 1 – Alt 1

Schultz presented NW Construction balancing Change Order #9 in the amount of a of \$90,957.30 to the board for their approval. **Rust moved to approve Change Order #9, Liesener seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

R & T Inert Landfill

Schultz presented an Engineering Task Order for the R & T Inert Landfill in the amount of \$19,000.00. **Rust moved to approve the Task Order, Brostuen seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

SWC Grant Requests

The SWC \$60M Grant request #14-011917 and the SWC \$39.5M Grant request #29-011917 were presented to the board for their approval. **Brostuen moved to approve the SWC grant requests, Haake seconded.**

AYE: Liesener, Brandt, Veeder (also voting for Zubke), Rust (also voting for Anderson), Haake, Brostuen, Owan
NAY: 0
CARRIED: 9-0

The February board meeting will be at 9:00am on Thursday Feb. 16th.

Chairman Owan adjourned the meeting.



Mark Owan, Chairman



Kim Schilke, Secretary