

**Western Area Water Supply Authority
Board of Directors Meeting
WAWSA Office 9:00am
Thursday – August 17, 2017**

Attendees

Members Present: Raoul Brandt, Ellis Haake, Ward Koeser, Mark Owan, Gary Rust, Gene Veeder and Denton Zubke.

Members Absent: Bert Anderson, Chris Brostuen and Richard Liesener.

Others Present: Kim Schilke (WAWSA), Jason Slater (WAWSA), Jacob Monson (WAWSA), Tami Norgard (Vogel Law Firm), Dustin Schultz (AE2S), Cory Chorne (AE2S), Ben Clarys (WRWD) and Jeff Shaffer (MCWRD).

Meeting Called to Order

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

Approval of Agenda

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

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Approval of the Minutes

Minutes of the July 20, 2017 board meeting were presented for approval. **Haake moved to approve the meeting minutes as presented, Koeser seconded.**

AYE: Haake, Brandt (also voting for Liesener), Koeser, Veeder (also voting for Zubke), Rust (also voting for Anderson), Owan
NAY: 0

CARRIED: 9-0

Zubke joined the meeting at 9:05am.

The board congratulated Chairman Mark Owan on his appointment to the ND State Water Commission.

Financial Report

The July General financial reports and the July Industrial financial reports were presented for consideration and discussion. There was board discussion concerning the member debt payments that need to be made from the industrial account and the lack of cash to pay those debts at this time; as per legislation the member debt payments will be made to the members as cash flow is available in the industrial account. **Rust moved to accept the financial reports as presented, Haake seconded.**

AYE: Haake, Brandt (also voting for Liesener), Koeser, Veeder, Rust (also voting for Anderson), Zubke, Owan
NAY: 0

CARRIED: 9-0

Executive Director's Report

System Updates

Dustin Schultz gave system updates.

Industrial Sales

The industrial sales for July were \$1,725,875.00.

NDIC

The next NDIC meeting will be August 22nd. At the July NDIC meeting, Governor Burgum asked that the WAWSA board seek to amend its Member Agreements concerning the accrued 2010 Baseline Sales. During times of low sales and low revenue, WAWSA has not been paying the 2010 Baseline Sales, with the presumption that during slow times, the Founding Members would not be making a lot of sales, and WAWSA simply did not have available cash to make those payments. Originally, WAWSA attempted to negotiate a waiver of the 2010 Baseline sales, but Tioga refused to sign a waiver and asked for the unpaid amounts to accrue in case WAWSA ever had funding available again. This will negatively impact the bond rating that WAWSA could get for its BND loan refinancing, so the WAWSA board will be asked to amend its member agreements such that the 2010 Baseline Sales are officially waived and discharged from the WAWSA financials. For future funding, it is important that WAWSA financial statements present a clear picture of the equity of WAWSA. The consensus of the board members agreed that this would be a positive position to take given the Governor's concern.

State Water Commission

The next SWC meeting will be August 23rd. WAWSA is on the agenda to request grant money for the MCWRD System I/IV Expansion Part 1, R & T Stanley Part 1 Alternates and White Earth West Alternates projects.

Drovdal Appraisal

The board discussed the appraisal for the David Drovdal eminent domain case. The Board discussed concerns with the value being too high given a number of comments in the appraiser's appraisal and the fact that the appraiser admits she can find no difference in comparables with and without a water pipeline, yet she feels compelled to add a 0.5% devaluation due to the overall construction and imposition on the landowner. After significant discussion, **Zubke made a motion to offer David Drovdal the appraised value of \$22,000.00; Koeser seconded.**

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

NAY: 0

CARRIED: 9-0

ND Water Education Foundation 2017 Water Tour

Schilke informed the board about the ND Water Education Water Tour that will take place on August 30th. The group will be touring the Williston Water Treatment Plant, Watford City Depot, a Frac site and the Watford City Event Center and School.

Project Updates

Chorne presented a current water demand report, the capital accounting report and the Williston WTP master plan update.

Consent Agenda

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

- Task Order 24 Tobacco Gardens - MPC Balancing Change Order #8
- Task Order 42 Tobacco Gardens Alt 1 - MPC Balancing Change Order #3
- Task Order 42 Tobacco Gardens Alt 2 - MPC Balancing Change Order #3
- Task Order 42 Tobacco Gardens Alt 3 - MPC Balancing Change Order #4
- Task Order 40 BDW South Crosby - MPC Balancing Change Order #2
- Task Order 41 WC South Bypass - Wagner Construction Change Order #2
- Task Order 24 Tobacco Gardens Final Inspection & Acceptance - Murphy Pipe & Civil, LLC
- Task Order 42 Tobacco Gardens Alt 1 - Final Inspection & Acceptance - Murphy Pipe & Civil, LLC

- Task Order 42 Tobacco Gardens Alt 2 - Final Inspection & Acceptance - Murphy Pipe & Civil, LLC
- Task Order 42 Tobacco Gardens Alt 3 - Final Inspection & Acceptance - Murphy Pipe & Civil, LLC
- Task Order 41 WC South Bypass - Certificate of Substantial Completion - Wagner Construction, Inc.
- Task Order 41 WC South Bypass - Final Inspection & Acceptance - Wagner Construction, Inc.

It was moved by Zubke and seconded by Veeder that the items contained in the Consent Agenda be approved.

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

NAY: 0

CARRIED: 9-0

R & T North Tioga Rural Distribution and West White Earth Rural Distribution

Schutz reminded the board that in June the WAWSA board approved a Carstensen Change Order # 5 for the MCWRD Hwy 34 Pipeline Relocation work under the West White Earth Project. For administrative reasons, the SRF program would like the Carstensen Change Order #5 for the MCWRD project moved to another contract. Schultz recommended moving the change order to Carstensen's North Tioga Project. **Zubke made a motion to vacate and rescind the June motion and to approve the Carstensen Change Order # 5 to the North Tioga Project, Rust seconded.**

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

NAY: 0

CARRIED: 9-0

BDW South Crosby

Murphy Pipe and Civil requested a deduction from their contract for the cost of reseeding around the meter pits of the rural landowners. Due to the drought conditions, the grass that was seeded is not growing. WAWSA will reseed the grass in the spring. **Zubke made a motion to agree to deduct \$20,000.00 from Murphy Pipe and Civil's contract for the cost of WAWSA reseeding the grass around the meter pits in the spring, Koeser seconded.**

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

NAY: 0

CARRIED: 9-0

Watford City South By-Pass

Wagner Construction will be replacing three bores on the Watford City South By-Pass project. Schultz reported that AE2S was requested to calculate the additional cost to change the pipe from fusible PVC to Poly. The additional cost for poly would be approximately \$156,000.00. **Haake made a motion to use the fusible PVC pipe so that the project can be completed this fall, Rust seconded.**

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

NAY: 0

CARRIED: 9-0

Engineering Task Orders

Chorne present the AE2S Engineering Task Orders and Amendments for the board to review and approve.

- Amendment #1 to TO # 28 - MCWRD System 4 Part 3a
- Amendment #3 to TO #32A - Stanley Distribution Part 1 Alt 1, 2, & 3
- Amendment #2 to TO #43A - White Earth West Rural Distribution Part 1 Alt 1
- Amendment #2 to TO #50 - MCWRD Spring Creek and County Route 37 Expansion
- TO # 54 - Tobacco Garden & Sather Dam Expansion

Haake made a motion to approve the Engineering Task Orders #28 and #50, and to approve #32A, #43A and #54 contingent on the SWC approval of the WAWSA construction plans at the Aug 23rd SWC meeting, Rust seconded.

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

SWC Grant Requests

The SWC \$60M Grant request #21-081717 and the SWC \$39.5M Grant request #36-081717 were presented to the board for their approval. **Zubke moved to approve the SWC grant requests, Rust seconded.**

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

Chairman Owan adjourned the meeting.



Mark Owan, Chairman



Kim Schilke, Secretary