

**Western Area Water Supply Authority
Board of Directors Meeting
WAWSA Office October 18, 2018**

Attendees

Members Present: Chris Brostuen, Ellis Haake, Larry Novak (MCWRD Alternate) Richard Liesener, Mark Owan, Gary Rust and Gene Veeder.

Members Absent: Doug Anderson, Raoul Brandt, Ward Koeser and Denton Zubke.

Others Present: Curtis Wilson (WAWSA), Kim Schilke (WAWSA), Westin McGruder (AE2S), Cory Chorne (AE2S) via video, Shawn Gaddie (AE2S), Seth Thompson (Vogel Law Firm), Kent Reiersen (Crowley Fleck Attorneys), Todd Pokrzywinski (WAWSA), Jason Slater (WAWSA), Jacob Monson (WAWSA), Michelle Miller (WAWSA), Ben Clarys (NRWD), Liz Suhr (R & T), Jeff Shaffer (MCWRD), Justin Smith (City of Watford City), David Tuan (City of Williston), Rich Slagle (Moore Engineering), Kevin Bucholz (Moore Engineering), Kent Ritterman (Moore Engineering) and Dennis Beer (HDR Engineering).

Meeting Called to Order

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

Approval of Agenda

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

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

Approval of the Minutes

Minutes of the September 20, 2018 board meeting were presented for approval. **Haake moved to approve the minutes as presented, Brostuen seconded.**

AYE: Liesener, Liesener voting for Brandt, Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.

NAY: 0

CARRIED: 10-0

Financial Report

The September General financial reports and the September Industrial financial reports were presented for consideration and discussion. **Rust moved to accept the financial reports as presented, Liesener seconded.**

AYE: Liesener, Liesener voting for Brandt, Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.

NAY: 0

CARRIED: 10-0

Executive Director's Report

System Updates

Wilson gave an update of the WAWSA system.

Industrial Sales

Schilke reported the industrial sales for September were \$1,842,685.

NDIC Industrial Expenditure Reimbursement Request

Wilson submitted to the board a NDIC reimbursement request for \$335,317.38 for upgrades to the Alexander and Indian Hills pumps and upsizing 3 miles of pipe and Watford City ground water improvements. The reimbursement request will be presented to the NDIC for approval to be reimburse from the industrial account. **Haake moved to approve the NDIC reimbursement requests, Veeder seconded.**

AYE: Liesener, Liesener voting for Brandt, Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.

NAY: 0

CARRIED: 10-0

NDIC/State Water Commission Update

Owan and Wilson attended the Joint Water Commission and Legislative Interim Water Topics Overview Committee meeting in Fargo. Wilson reported on the September NDIC meeting and that Governor Burgum has requested maps of the WAWSA system that WAWSA will be providing to him.

2017 WAWSA Financial Audit

Schilke presented to the board the 2017 Audited Financial Statements that were audited by Brady, Martz & Associates, P.C. Minot, ND. The 2017 Audit contains reports for Domestic and Industrial separately and combined as requested by the ND Public Finance Dept. **Rust moved to accept the 2017 Audited Financial Statements, Liesener seconded.**

AYE: Liesener, Liesener voting for Brandt, Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.

NAY: 0

CARRIED: 10-0

Watford City Reused Water Sales Agreement

Justin Smith, Watford City Public Works Superintendent, addressed the board concerning the contract the City of Watford City has with McKenzie County Water Resource District for reused water. The industrial rate reimbursement was set at \$1.20/1000 gallons of reused water. Smith had spoken to Jaret Wirtz, previous WAWSA Executive Director, about increasing the reimbursement rate for pumping costs by 7¢ per barrel. The confusion arises in that Watford City was requesting 7¢ per barrel or \$1.67/1000 gallons and the NDIC approved a 7¢ per gallon industrial rate increase June 2018 which equals \$1.27/1000 gallons. Wilson asked Smith to provided supporting information on the 7¢ per barrel and WAWSA will present the increase request to the NDIC for approval.

WAWSA Member Domestic Debt Allocation

Shawn Gaddie, AE2S Nexus, presented a presentation to the board on the Domestic Debt Allocation Analysis and Rate Planning Update. Gaddie gave a recap of the domestic debt, the debt allocation methodology overview and an updated debt allocation based on the cost through Phase V (\$345M) 2017 to 2019 and Phase V + \$50M 2019 to 2021.

Project Updates

Weston McGruder presented a current water demand report and the capital accounting for August. He also gave updates on the current project progressions.

Engineering Task Order #60 - 2018 Transmission Main and Pump Station Improvements

McGruder presented Engineering Task Order 60 for design and bidding phase services of approximately 3.5 miles of 20-inch water transmission main improvements downstream of the Indian Hills and Alexander Pump Stations, and the replacement of approximately 2 miles of 8" pipeline on the northeast side of Watford City to the board for their approval. **Rust moved to approve Task Order #60, Haake seconded.**

AYE: Liesener, Liesener voting for Brandt, Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.

NAY: 0
CARRIED: 10-0

SWC Grant Requests

The SWC \$60M Grant request #35-101818 and the SWC \$20M Grant request #12-101818 were presented to the board for their approval. **Brostuen moved to approve the SWC grant requests, Liesener seconded.**

AYE: Liesener, Liesener voting for Brandt, Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.

NAY: 0
CARRIED: 10-0

Executive Session

Rust made a motion to enter into executive session for contract discussion, Haake seconded.

AYE: Liesener, Liesener voting for Brandt, Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.

NAY: 0
CARRIED: 10-0

11:00am the board entered executive session.

11:20am Kent Reiersen left executive session and Seth Thompson joined executive session.

Veeder made a motion to exit executive session, Liesener seconded.

AYE: Liesener, Liesener voting for Brandt, Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.

NAY: 0
CARRIED: 10-0

11:55am the board left executive session.

Legal Contract

Liesener made a motion to accept the legal contract with Vogel Law Firm as present to the board and Seth Thompson as legal counsel presenting WAWSA, Rust seconded.

AYE: Liesener, Liesener voting for Brandt, Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.

NAY: 0
CARRIED: 10-0

Surplus Materials

Liesener made a motion that Seth Thompson draft a policy on surplus materials for the Executive Committee to review and the policy be presented to the full board for approval, Veeder seconded.

AYE: Liesener, Liesener voting for Brandt, Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.

NAY: 0
CARRIED: 10-0

Industrial Maintenance Contract

Jason Slater addressed the board about issues with the current industrial maintenance contracts. The current contracts do not have an annual ceiling on the price per barrel and companies are not liking the five-year term.

12:10pm Liesener left the meeting.

Brostuen made a motion to offer a 2 or 3-year contract and the ceiling on the annual price increase be up to 10%, Veeder seconded.

AYE: Rust, Rust voting for Anderson, Brostuen, Brostuen voting for Koeser, Novak, Veeder, Haake and Owan.


NAY: 0

CARRIED: 8-0

Rust made a motion to adjourn, Brostuen seconded.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE

Chairman Owan adjourned the meeting.



Chris Brostuen, Vice Chairman



Kim Schilke, Secretary