

**Western Area Water Supply Authority  
Board of Directors Meeting Minutes  
WAWSA Office June 18, 2020**

**Attendees**

Members Present: Doug Anderson, Kent Bickler (R&T alternate), Chris Brostuen, Ellis Haake, Ward Koeser, Larry Novak, Mark Owan and Gary Rust.

Members Present via phone or video: Vawnta Best.

Members Absent: Raoul Brandt and Richard Liesener.

Others Present: Tami Madsen (WAWSA), Kim Schilke (WAWSA), Seth Thompson (Vogel Law Firm) via video, Weston McGruder (AE2S), Dustin Schulz (AE2S), Cory Chorne (AE2S) via phone, Kent Ritterman (Moore Engineering), Dave Bell (City of Williston), Kenny Bergstrom (City of Williston), Justin Smith and Curt Moen (City of Watford City) via phone, Ben Clarys (NWRWD), Jeff Shaffer (MCWRD), Julius Wakam (MCWRD), Chris Barke (WAWSA) and Jacob Monson (WAWSA).

**Meeting Called to Order**

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

**Approval of Agenda**

Owan presented the agenda for approval. Madsen requested adding two items to the agenda. Under the Executive Director's report add #5 Justin Smith – City of Watford City and under AE2S's report #6 Architect Insurance at WTP. **Rust moved to approve the agenda with the additional items, Haake seconded.**

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE.

**Approval of the Minutes**

Minutes of the May 16, 2020 and June 8, 2020 board meetings were presented for approval. **Anderson moved to approve the minutes as presented, Koeser seconded.**

AYE: Haake, Koeser, Bickler, Bickler for Liesener, Rust, Novak, Brostuen, Anderson, Best and Owan.

NAY: 0

CARRIED: 10-0

**Financial Report**

The May General financial reports and the May Industrial financial reports were presented to the Board for their consideration and discussion. **Haake moved to approve the financial reports as presented, Brostuen seconded.**

AYE: Haake, Koeser, Bickler, Bickler for Liesener, Rust, Novak, Brostuen, Anderson, Best and Owan.

NAY: 0

CARRIED: 10-0

**Executive Director Report**

Madsen updated the Board on the State Water Commission meeting. WAWSA presented their project prioritization to the SWC. Because of the economic conditions, the SWC put a hold on all projects across the state and did not award any projects.

### **Invoices Not Covered by SRF Loan**

During the Phase 4 projects, WAWSA continued to construct projects while waiting for an SRF loan to be approved and completed. The original plan was for the \$16.5M SRF loan to be funded in MCWRD's name however, that did not work out and the \$16.5M SRF loan was put in WAWSA's name. During this time WAWSA was using cash on hand to pay the loan cost-share portion of the projects with the understanding that as soon as the loan was approved WAWSA would be reimbursed from the SRF loan for cash spent on the projects. Once the SRF loan was approved WAWSA submitted invoices to the SRF for reimbursement for the cash spent. SRF rejected the attached list of invoices, saying they did not qualify for SRF funding due to a change in eligibility from the time the project was bid until the loan was in place. The total cost-share amount is \$1,817,730.00. Other avenues were explored to cover the cost-share amount. Because the \$1,817,730 is included in calculating the \$16.5M cost-share member loan the final member paid loan will be around \$15M. Each member's share of the cost-share would be determined by the percentage that was calculated for domestic loan repayments. The member entities will be presented the information and Owan asked that the Board member have a discussion with their boards concerning the repayment of the cost-share.

### **Industrial Contracts**

Kraken/Hydra has three maintenance contracts with WAWSA. Two of the contracts are take-or-pay contracts. Madsen was contacted by a representative from Hydra asking that the two take-or-pay contracts be amended to remove the take-or-pay clause. **Koeser made a motion to deny their request, Haake seconded.**

AYE: Haake, Koeser, Bickler, Bickler for Liesener, Rust, Novak, Brostuen, Anderson, Best and Owan.  
NAY: 0  
CARRIED: 10-0

Elkan Inc. proposed changes to their new contract that was presented to the Board for their consideration. Madsen let the Board know that Elkan will not disclose the wells where the water will be provided and they are requesting to retain priority for the contracted water of 100,000 barrels per year. **Anderson made a motion to reject their proposals on the new contract, Novak seconded.**

AYE: Haake, Koeser, Bickler, Bickler for Liesener, Rust, Novak, Brostuen, Anderson, Best and Owan.  
NAY: 0  
CARRIED: 10-0

### **City of Watford City**

Justin Smith with the City of Watford City addressed the Board asking for the Board to considering giving the City of Watford City groundwater to irrigate the golf course. The Board asked Justin to submit a formal written proposal that has been approved and endorsed by the City of Watford City.

### **Project Updates**

McGruder presented a current water demand report and the May capital accounting.

### **Presentation of Bids**

McGruder reported that six projects were bid between May 7<sup>th</sup> and June 16<sup>th</sup>. Due to the lack of funding at this time McGruder suggested tabling the East White Earth Rural Distribution Alternate, West White Earth Rural Distribution Alternate, Stanley Transmission, Stanley Rural Distribution, and North 200K Rural Distribution until the July WAWSA board meeting. **Novak made a motion to table the five projects until the July WAWSA board meeting, Rust seconded.**

AYE: Haake, Koeser, Bickler, Bickler for Liesener, Rust, Novak, Brostuen, Anderson, Best and Owan.  
NAY: 0  
CARRIED: 10-0

MCWRD has approached WAWSA about paying for the MCWRD System 1 Expansion Part 2 (Spring Creek Base) with 45 miles with 25 users. MCWRD would pay \$2.5M in 2020 and \$1.38M in 2021 for the project. MCWRD must be included in the contractor warranty and approving change orders. A legal agreement will need to be created between MCWRD and WAWSA on MCWRD funding for the project. Seth Thompson with Vogel notified the board that Vogel has a conflict of interest with MCWRD. **Haake made a motion that WAWSA and MCWRD have separate attorneys. Haake withdrew the motion.**

**Koeser made a motion to authorize the Executive Committee to approve the agreement between MCWRD and WAWSA, Haake seconded.**

AYE: Haake, Koeser, Bickler, Bickler for Liesener, Novak, Brostuen, Anderson, Best and Owan.  
NAY: Rust  
CARRIED: 9-1

McGruder made a recommendation to award the MCWRD System 1 Expansion Part 2 Base to the apparent responsive and qualified low bid from Carstensen Contracting Inc. Contract #1 in the amount of \$3,075,140.00. **Brostuen made a motion to award the bid to Carstensen Contracting upon execution of the agreement between MCWRD and WAWSA with construction to start 15 days after the agreement is approved, Rust seconded.**

AYE: Haake, Koeser, Bickler, Bickler for Liesener, Rust, Novak, Brostuen, Anderson, Best and Owan.  
NAY: 0  
CARRIED: 10-0

#### **Engineering Task Order Amendment**

McGruder presented Amendment #1 to Task Order 68 MCWRD System I Expansion Part 2 for the construction, post-construction, and IC in the amount of \$335,000.00 for the Board's approval. **Novak made a motion to approve the amendment contingent upon execution of the agreement between MCWRD and WAWSA, Brostuen seconded.**

AYE: Haake, Koeser, Bickler, Bickler for Liesener, Rust, Novak, Brostuen, Anderson, Best and Owan.  
NAY: 0  
CARRIED: 10-0

#### **Architect Insurance for the WTP**

Chorne reported to the board that WAWSA has a requirement that contractors and sub-contractors have a \$3M liability insurance policy in place when working on WAWSA projects. This was not relayed to the architect that is working at the WTP who only has \$1M in coverage. The additional insurance would cost the architect \$38,000. The architect's portion of the project which is finishing touches would be \$25,000. AE2S is asking WAWSA to give a one-time variance from the \$3M liability insurance to \$1M liability insurance. **Brostuen made a motion to grant a one-time variance to the architect from \$3M to \$1M liability insurance, Koeser seconded.**

AYE: Haake, Koeser, Bickler, Bickler for Liesener, Rust, Brostuen, Anderson, Best and Owan.  
NAY: Novak  
CARRIED: 9-1

#### **29 Mile Project**

Ritterman gave an update on the 29 Mile project.

#### **SWC Grant Requests**

SWC \$20M Grant monthly request #33-5212020 and SWC \$5,476K monthly request #8-5212020 were presented to the Board for their approval. **Rust moved to approve the SWC grant requests, Haake seconded.**

AYE: Haake, Koeser, Bickler, Bickler for Liesener, Rust, Novak, Brostuen, Anderson, Best and Owan.

NAY: 0

CARRIED: 10-0

**Rust moved to adjourn; Koeser seconded.**

Chairman Owan adjourned the meeting.



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Mark Owan, Chairman



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Kim Schilke, Secretary