

LAKE AGASSIZ WATER AUTHORITY

BOARD OF DIRECTORS

**Doublewood Inn
Fargo, North Dakota
July 19, 2011**

A meeting of the Lake Agassiz Water Authority (LAWA) was held at the Doublewood Inn of Fargo, North Dakota, on July 19, 2011. The meeting was called to order by Chair Furness at 1 p.m.

MEMBERS PRESENT

Chair Bruce Furness
Vice Chair Keith Burley
Director LaVonne Althoff
Director Les Bakke
Director Rick Bigwood
Director Clark Cronquist
Director Kenneth Evenson
Director Winston Johnson
Director Curt Kreun
Director Carol Siegert
Secretary Dave Koland

MEMBERS ABSENT

None

OTHERS PRESENT

Staff members of the Garrison Diversion Conservancy District were present along with others. The registration sheet is attached to the original minutes.

The meeting was recorded to assist with compilation of the minutes.

APPROVAL OF AGENDA

Motion by Director Siegert to approve the agenda as presented. Second by Director Bigwood. Upon voice vote, motion carried.

CONSIDERATION OF THE MINUTES

Motion by Director Cronquist to approve the May 10, 2011, minutes as distributed. Second by Director Kreun. Upon voice vote, motion carried.

INTRODUCTIONS

Chairman Furness asked those in attendance to introduce themselves and identify whom they represent.

Dave Koland, Secretary, introduced the new board member, Les Bakke. He replaces Kelli Poehls, who resigned from Moorhead Public Service.

CONSIDERATION OF COMMUNICATIONS

Grand Forks Traill Water District (GFTWD) - - Mr. Koland informed the board that Garrison Diversion and LAWA received a letter from GFTWD outlining their plans for a regional improvement project and making their case for funding consideration. A copy of the letter is attached to these minutes as Annex I.

Steve Burian, Advanced Engineering and Environmental Services, described the project to the board.

Mr. Koland said the subject does not apply to LAWA because we have no funding to provide and we are, in fact, seeking funding as an organization.

Mr. Koland added that the rural water managers held a meeting and promoted two projects that did receive funding from the first round of state funding for water projects. They were Stutsman Rural Water and North Central Rural Water Consortium. He does not expect there will be any further allocation of MR&I funding of any type until after flood considerations have been taken care of.

COMMITTEE REPORTS

None

2010 AUDIT

Mr. Koland referred to and gave an overview of the 2010 Audit prepared by EideBailly on LAWA's financial statements for the year ended December 31, 2010, highlighting changes from 2009. He also summarized the auditor's results and findings. A copy of the LAWA 2010 audit can be obtained by contacting the Garrison Diversion Conservancy District.

One material weakness was disclosed during the audit, and that was the preparation of financial statements. This is a continuous finding and is very common. Typically, an organization of LAWA's size is not trained in all the government reporting requirements. In LAWA's case, EideBailly writes the financial statements, including the footnotes. Because of this, it must be listed as a material weakness.

Segregation of duties was noted as a significant deficiency. This is also related to the limited amount of staff.

Motion by Director Bigwood to accept the 2010 LAWA Audit Report. Second by Director Cronquist. Upon roll call vote, the following directors voted aye: Althoff,

Bakke, Bigwood, Burley, Cronquist, Evenson, Johnson, Kreun, and Siegert. Those voting nay: none. Absent and not voting: none. Motion carried.

FINANCIAL REPORT

Mr. Koland referred to the 2011 LAWA budget analysis statement for the period of January 1, 2011, to July 1, 2011, a copy which is attached to these minutes as Annex II.

Total income for 2011 as of July 1 is \$120,231. Total expenses are \$5,952.

Mr. Koland reviewed the outstanding unpaid bills, which include \$16,335 for water sampling and \$95,418 for 10% of the expenditures on the prefinal design phase.

Since the May 10 board meeting, \$4,750 was paid to EideBailly for the 2010 audit preparation.

LAWA's bank balance as of July 1 was \$124,348.

Mr. Koland referred to the table showing the current amount of 2011 dues and special assessments collected totaling \$150,969. He also distributed and reviewed a table showing the calculated amounts charged for the special assessment.

Motion by Vice Chair Burley to pay the bill for water sampling in the amount of \$16,335.55 to Garrison Diversion. Second by Director Johnson. Upon roll call vote, the following directors voted aye: Althoff, Bakke, Bigwood, Burley, Cronquist, Evenson, Furness, Johnson, Kreun and Siegert. Those voting nay: none. Absent and not voting: none. Motion carried.

Motion by Vice Chair Burley to pay the bill for prefinal design in the amount of \$95,418.94 to Garrison Diversion. Second by Director Kreun. Upon roll call vote, the following directors voted aye: Althoff, Bakke, Bigwood, Burley, Cronquist, Evenson, Furness, Johnson, Kreun and Siegert. Those voting nay: none. Absent and not voting: none. Motion carried.

Motion by Director Althoff to accept the financial statements for the period of January 1, 2011, to July 1, 2011. Second by Director Siegert. Upon roll call vote, the following directors voted aye: Althoff, Bakke, Bigwood, Burley, Cronquist, Evenson, Furness, Johnson, Kreun and Siegert. Those voting nay: none. Absent and not voting: none. Motion carried.

RED RIVER VALLEY WATER SUPPLY PROJECT UPDATE

Mr. Koland reported that VanNess Feldman, who is the consulting firm retained to assist with the issuing of a Record of Decision (ROD), continues to work on this issue in Washington.

Mr. Koland stated that there is \$5 million set aside for the RRVWSP in the state's budget, however, there is no plan to request that until the flood situation and its impacts get sorted out.

UNFINISHED BUSINESS

2011-2013 Work Plan - - Mr. Koland called attention to the 2011-2013 LAWA Work Plan, which lays out a construction schedule. The \$20 million in work items is what is left to do prior to putting pipe in the ground. This includes completing final design, exercising right-of-way options, completing the financial package, road/railroad boring and discharge facilities. A copy of the work plan is attached to these minutes as Annex III.

Chair Furness referred to the 2011 proposed budget. There is \$178,669 in projected revenue and \$148,233 in expenses. This leaves a balance of approximately \$30,000 after the unpaid bills are paid.

Pat Zavoral, city of Fargo, said from Fargo's perspective, it is hard to do anything when other areas in the state are suffering from too much water. However, the project cannot stop completely; we have to come up with something nonstructural, such as obtaining the ROD.

Director Evenson said he agrees with continuing to seek a ROD but cannot not agree with any construction at this time because of what is going on around Valley City.

Chair Furness said that we could move forward with items one and two (final design and exercising right-of-way), and items three, four and five could wait.

Chair Furness asked what, if anything, can be done in addition to what the consultants are doing in an attempt to obtain a ROD.

Mr. Koland said there will come a time when the users will need to visit with their legislators. The original concept was the federal government would pay one-third, the users one-third and the state one-third of the total project. The federal contribution could be the stumbling block.

Mr. Zavoral stated that Fargo would be willing to contribute financially for another six months, which is the end of the commitment with VanNess Feldman, to see if we can move the ROD ahead.

Mr. Koland said at the end of the six-month commitment with VanNess Feldman, Garrison Diversion will re-evaluate the situation and then discuss the next step with LAWA.

Chair Furness said he hears from the board's discussion that the board should keep the consultants going to the end of the year with assistance from Garrison Diversion and Fargo, if needed.

2011 LAWA Budget - - Mr. Koland referred to the 2011 proposed budget and reviewed the projected revenue and expenditures, a copy which is attached to these minutes as Annex IV.

The board discussed the financial situation at length.

Motion by Director Kreun to adopt the proposed 2011 LAWA budget. Second by Director Siegert. Upon roll call vote, the following directors voted aye: Althoff, Bakke,

Bigwood, Burley, Cronquist, Evenson, Furness, Johnson, Kreun and Siegert. Those voting nay: none. Absent and not voting: none. Motion carried.

NEW BUSINESS

None

OTHER

Next Meeting - - The next board meeting will be held in October.

There being no further business to come before the board, the meeting adjourned at 2:30 p.m.

(SEAL)

Bruce Furness, Chair

Dave Koland, Secretary