

LAKE AGASSIZ WATER AUTHORITY

BOARD OF DIRECTORS

**Holiday Inn
Fargo, North Dakota
December 14, 2018**

A meeting of the Lake Agassiz Water Authority (LAWA) board of directors was held at the Holiday Inn, Fargo, North Dakota, on December 14, 2018. The meeting was called to order by Chair Mahoney at 11 a.m.

MEMBERS PRESENT

Chair Tim Mahoney
Vice Chair Ken Vein
Director LaVonne Althoff
Director Rick Bigwood
Director Dave Carlsrud
Director Tom Erdmann
Director John Hancock
Director Mark Johnson
Director Ralf Mehnert-Meland
Director Don Moen
Director Keith Nilson
Alternate Geneva Kaiser for Director Bob Keller
Associate Member Don Bajumpaa
Associate Member Dick Johnson
Associate Member Carol Siegert
Secretary Duane DeKrey

MEMBERS ABSENT

None

OTHERS PRESENT

Staff members of the Garrison Diversion Conservancy District were present along with others. A copy of the registration sheet is attached to these minutes as Annex I.

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

AGENDA

Motion by Director Althoff to approve the board agenda. Second by Vice Chair Vein. Upon voice vote, motion carried.

CONSIDERATION OF THE MINUTES

Motion by Director Nilson to dispense with a reading of the October 12, 2018, LAWA Board minutes and approve them as distributed. Second by Director Bigwood. Upon voice vote, motion carried.

OFFICER REPORT

None

COMMITTEE REPORTS

LAWA Technical Advisory Committee

Value Engineering Study Report

Al Grasser, Chair, LAWA Technical Advisory Committee, provided a report from their meeting held on November 15. The primary purpose of the meeting was to review the Preliminary Value Engineering Study Report on the Red River Valley Water Supply Project (RRVWSP). As a result of the study, various engineering-type alternatives were recommended for consideration as the RRVWSP moves forward. The Design Team reviewed each of the items and provided comments and responses on whether or not to implement the recommendations into final design of the RRVWSP.

Chair Grasser stated that the LAWA TAC went over each of the 46 alternatives, along with the Design Team's responses and recommendations. The TAC had no disagreements with the Design Team's comments and responses. Based on that, the committee recommends approval of the recommendations from the Design Team on the value engineering analysis.

Motion by Director Nilson to approve the Design Team's recommendations on the RRVWSP Value Engineering Study analysis. Second by Director Bigwood. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Carlsrud, Erdmann, Hancock, Johnson, Mahoney, Mehnert-Meland, Moen, Nilson and Vein. Alternates voting aye: Kaiser. Those voting nay: none. Motion carried.

Upper Sheyenne River Alternative Update

Chair Grasser reminded the board of Devils Lake's request to consider rerouting the RRVWSP pipeline to the Upper Sheyenne River. The LAWA Board then tasked the TAC with looking at option four, which is the Current Alignment/Upper Sheyenne Combination.

The TAC discussed this issue at its November 15 meeting. The item was tabled pending further guidance from the LAWA Board and validation to get into this level of detail. He asked that the technical information be assembled and distributed to the TAC for review at its next meeting.

RED RIVER VALLEY WATER SUPPLY PROJECT UPDATE

McClusky Canal Water Source - - Tami Norgard, Vogel Law, provided an update on the request to consider 145 cfs from the McClusky Canal as an option for the RRVWSP. Both

LAWA and Garrison Diversion have approved making this request to the Bureau of Reclamation. A draft letter has been prepared but has not yet been submitted.

Ms. Norgard informed the board that she and Kip Kovar, Deputy Program Manager, RRVWSP Engineering, recently traveled to Missouri and met with officials from the Missouri Department of Natural Resources to discuss Missouri River issues and the RRVWSP. She and Mr. Kovar felt it was an interesting and positive meeting. They believe there may be a chance for North Dakota and Missouri to work together to find some common ground on water issues.

Land Acquisition - - Mr. Kovar reported that letters have recently started going out to the landowners inside of segment one, which is a 28-mile segment, of the RRVWSP. Options are being converted to easements. The next mailing will concentrate on the segment in the Washburn area.

Mr. Kovar said conversations have been held with the landowner of the discharge site, and they are waiting for the appraisal to come back. The same thing is happening with the landowner of the intake site. There are also approximately 15 tunnels inside segment one. All but three or four have options on them and need to be secured.

Work Plan Update - - Mr. Kovar referred to and reviewed the RRVWSP Work Plan Update dated December 3, which provides the status on each of the approved task orders. A copy of the update is attached to these minutes as Annex II.

Program Management - - Merri Mooridian, Deputy Program Manager, RRVWSP Administration, referred to and reviewed the program management chart dated November 29. The top portion of the chart defines the schedule of work required by HB 1020. The bottom portion shows other RRVWSP activities. The chart displays the status of all the work being done on the RRVWSP this biennium, listing start and finish dates of tasks by category. This is a critical tool for planning and will continue to be refined.

Financial Update - - Ms. Mooridian provided an update on the financial modeling for the RRVWSP. Authority has been given to work with the Bank of North Dakota and the Public Finance Agency in an effort to make the RRVWSP more affordable for the users. Key state legislators have also given the go ahead to work on a proposal for a long-term, low interest loan from the state. Models have been run with a couple different funding scenarios, and meetings are currently being held with LAWA board members/systems to review the financial impact of these scenarios on their particular system.

Planning Level Budget - - Ms. Mooridian referred to and reviewed the two graphics showing the RRVWSP Planning Level Budget. The bar chart illustrates the cumulative project expenses. The budget table dated November 30 shows a breakdown of project dollars. Of the \$43.7 million estimated total program budget, \$5.3 million has been expended on Conceptual Design, \$10.2 million has been expended on Preliminary Design, \$6.3 million on Final Design, Easement and Administration and \$0 on construction. Of the \$43.7 million estimated program budget, a total of \$22 million has been spent. The box at the bottom of the page shows \$8.2 million has been expended of the 2017-2019 state appropriation. An amount of \$8.2 million is committed and outstanding. The remaining uncommitted amount of the \$30 million allocation is \$13.5 million. Copies of the budget and graph are attached to these minutes as Annex III.

FINANCIAL REPORT

2018 Budget Analysis Statement - - Ms. Mooridian referred to and reviewed the Budget Analysis statement for the period of January 1, 2018, to November 30, 2018, a copy which is attached to these minutes as Annex IV.

Total income through November 30 is \$122,251. Expenses are \$62,345. The total bank balance is \$769,179.

Motion by Director Nilson to approve the Budget Analysis Statement for the period of January 1, 2018, through November 30, 2018. Second by Director Althoff. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Carlsrud, Erdmann, Hancock, Johnson, Mahoney, Mehnert-Meland, Moen, Nilson and Vein. Alternates voting aye: Kaiser. Those voting nay: none. Motion carried.

Bills Paid - - Bills paid since the last meeting are \$10,762 to Garrison Diversion for LAWA's share of national legal fees for Brownstein Hyatt Farber Schreck and \$23,616 to Ohnstad Twichell.

Summary of Dues and Cost Share Payments - - Ms. Mooridian referred to the table showing membership dues and cost share payments received. Dues collected in 2018 total \$34,260 and cost share payments of \$87,930.

UNFINISHED BUSINESS

Memorandum of Understanding - - Ms. Norgard stated that the process of developing a Memorandum of Understanding (MOU) between LAWA and Garrison Diversion is moving along. Garrison Diversion's Executive Committee met December 13 to discuss the draft that was provided by LAWA. At that time, five individuals were appointed to serve on the Negotiating Team with the intention of working through two agreements. One pertains to decision making and board government. The other is the actual project participation agreement.

Chair Mahoney said the suggestion was made to proceed with this issue in two ways: 1) an MOU to cover the governance between LAWA and Garrison Diversion and 2) an agreement dealing with project management and costs. He stated that the group hopes to meet in January to begin discussions. The intent is to be a good working partner with Garrison Diversion.

Vice Chair Vein added that it is important to cover all the issues in order to know where everyone stands and how things are going to move forward with the RRVWSP before starting construction.

Insurance Advisor - - Ms. Mooridian reminded the board that they and Garrison Diversion have approved developing a Request for Qualifications (RFQ) to go advertise for services for an insurance advisor. Vogel Law firm is in the process of drafting an RFQ, which will be brought back to the board for review and approval.

NEW BUSINESS

Legislative Report - - Duane DeKrey, Secretary, provided a report on the upcoming legislative session.

Chair Mahoney commented that the legislative intent for the RRVWSP was \$150 million. This amount was changed to \$50 million at the Water Coalition for this year. It was dropped \$100 million since they know that the FM Diversion is going to go up \$100 million to \$166 million. The governor's budget reduced this amount from \$50 million to \$30 million. Discussions need to be held with the legislative partners on cost share.

Associate Member Johnson, speaking on behalf of the State Water Commission (SWC), stated the cost share, in some opinions, is generous at 75%. There is concern that this is not sustainable for the long term. The SWC has done a water development plan of a 10, 15, 20-year cycle, and it shows some significant shortfalls in terms of cost share. There is talk about changing that to a different number. He has heard 50, 40 and 30 percent. In his opinion, it needs to be built into a package that would include cost share plus the price of a low interest loan with the Bank of North Dakota. There is certainly initiative to change the cost share. He believes that one cost share of 75 percent for the entire state is hard. There are some communities that can afford it more than others. He does not know how to individualize it, but he thinks that is something that needs to be looked at. They are trying to do more things that get more projects out of the door quicker.

Rural Water Systems Board Member Election - - Ms. Mooridian informed the board that board member elections were held at the Rural Water Systems annual meeting last week. This resulted in one change to the board with the Greater Ramsey Water District elected for the central North Dakota position replacing the Stutsman Rural Water District.

OTHER

There being no further business to come before the committee, the meeting adjourned at 11:45 a.m.

Timothy Mahoney, Chair

Duane DeKrey, Secretary