

LAKE AGASSIZ WATER AUTHORITY

BOARD OF DIRECTORS

**Ramada Plaza & Suites
Fargo, North Dakota
October 5, 2016**

A meeting of the Lake Agassiz Water Authority (LAWA) board of directors was held at the Ramada Plaza & Suites, Fargo, North Dakota, on October 5, 2016. The meeting was called to order by Acting Chair Piepkorn at 11 a.m.

MEMBERS PRESENT

Acting Chair Dave Piepkorn
Chair Tim Mahoney (arrived at 12:00 p.m.)
Vice Chair Ken Vein
Director LaVonne Althoff
Director Rick Bigwood
Director Clark Cronquist
Director Mark Johnson
Director Ralf Mehnert-Meland
Director Keith Nilson
Director Carol Siegert
Director Rick Bigwood
Acting Secretary Merri Mooridian

MEMBERS ABSENT

Secretary Duane DeKrey

OTHERS PRESENT

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

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

APPROVAL OF AGENDA

Merri Mooridian, Acting Secretary, said she would like to make an addition to the agenda. Under the Red River Valley Water Supply Project Update, a Conceptual Design Report is being added.

Motion by Director Cronquist to approve the board meeting agenda with the addition of the Conceptual Design Report. Second by Director Althoff. Upon voice vote, motion carried.

CONSIDERATION OF THE MINUTES

Motion by Director Nilson to dispense with a reading of the June 24, 2016, board minutes and approve them as distributed. Second by Director Mehnert-Meland. Upon voice vote, motion carried.

Motion by Director Bigwood to dispense with a reading of the August 9, 2016, board minutes and approve them as distributed. Second by Director Johnson. Upon voice vote, motion carried.

OFFICER AND COMMITTEE REPORTS

Al Grasser, Chair, Technical Advisory Committee, reported that the committee has not met since June. Some of the information the committee will be looking at will be received by the board today.

RED RIVER VALLEY WATER SUPPLY PROJECT (RRVWSP) UPDATE

Presentation - - Ms. Mooridian and Kip Kovar, Deputy Program Manager, Engineering, RRVWSP, provided the PowerPoint presentation that was given at the September 22 joint meeting of the Water Topics Overview Committee and the State Water Commission. The presentation delivers a complete system overview of the RRVWSP.

Status Report - - Mr. Kovar referred to the September 27 work plan update, stating that conceptual design is now complete and reviewed the task order status for the preliminary design phase. A copy of the update is attached to these minutes as Annex II.

Work Plan Task Orders - - The following task orders were presented for approval.

Aerial Mapping

Mr. Kovar referred to Task Order RRV 7210. The work consists of base mapping approximately 160 miles of the pipeline corridor through aerial photography and light imaging, detection and ranging (LiDAR). The estimated cost is \$259,984.

Motion by Director Johnson to approve Task Order RRV 7210 for aerial photography and LiDAR services in the amount of \$259,984. Second by Director Bigwood. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Mehnert-Meland, Nilson, Siegert and Vein. Alternates voting aye: Piepkorn. Those voting nay: none. Absent and not voting: none. Motion carried.

Hydraulic Pumping System

Mr. Kovar referred to Task Order RRV 4210, which is for work associated with preliminary engineering of the main pumping station, pre-treatment, break tank, control valve structure, hydraulics and transients. Sizing of all items will be done for 150 cfs, and the water treatment plant is assumed to be located in Washburn with discharge location at Baldhill Creek. Objectives are to complete project design for the project elements, evaluate and select final sites, finalize the system hydraulic design and perform the preliminary transient analyses. The estimated cost is \$997,267.

Motion by Director Althoff to approve Task Order RRV 4210 for preliminary engineering of the main pumping station, pre-treatment, break tank, control valve structure, hydraulics and transients in the amount of \$997,267. Second by Director Cronquist. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Mehnert-Meland, Nilson, Siegert and Vein. Alternates voting aye: Piepkorn. Those voting nay: none. Absent and not voting: none. Motion carried.

Municipal Advisory Services Revision

Ms. Mooridian stated that \$150,000 was originally approved for municipal advisory services. Ernst & Young was selected to assist with financing for the project planning phases, with the option to initiate negotiations with Springsted for the issuance of bonds and any related consultation in the interim on an as-needed basis. The scope of work received from Ernst & Young is estimated at a total cost of \$374,835.

Ms. Mooridian added that contract negotiations are taking place with Ernst & Young. It will be an hourly contract, and they will only be used when their expertise is needed.

Acting Chair Piepkorn commented that he was on the search committee, and he was very impressed with both of the firms. They each have their own strengths and feels it will be money well spent. The maximum amount that would be spent is \$374,835, but it could end up being much less than that.

Motion by Vice Chair Vein to approve increasing the amount for municipal advisory services by \$224,835. Second by Director Nilson. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Mehnert-Meland, Nilson, Siegert and Vein. Alternates voting aye: Piepkorn. Those voting nay: none. Absent and not voting: none. Motion carried.

Needs Assessment Amendment

Ms. Mooridian referred to Amendment #2 to Task Order RRV 910 for Stakeholder Re-engagement. The purpose of the amendment is to provide additional professional services necessary to support coordination with prospective water users. It includes developing informational pieces, customized water usage and population projections, regional nomination strategies and participating in system meetings.

Ms. Mooridian added that many meetings are being held with the system users and have been going very well. An additional \$45,000 is needed to complete the efforts of this task order.

Motion by Director Johnson to approve Amendment #2 increasing the amount for Task Order RRV 910 Stakeholder Re-engagement by \$45,000. Second by Director Bigwood. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Mehnert-Meland, Nilson, Siegert and Vein. Alternates voting aye: Piepkorn. Those voting nay: none. Absent and not voting: none. Motion carried.

Chair Mahoney arrived at 12 p.m. and took over as the meeting chair.

Development Agreement Deadline Extension - - Ms. Mooridian reported that 27 systems have nominated and signed development agreements, but they are still working with quite a

few more. They are also branching out to systems that have been inactive and to systems outside of LAWA. For this reason, they would like to extend the deadline on the development agreement to November 1.

Director Mehnert-Meland suggested extending the deadline even further than November 1.

Motion by Director Mehnert-Meland to approve extending the development agreement deadline to November 15, 2016. Second by Director Johnson. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson, Siegert and Vein. Those voting nay: none. Absent and not voting: none. Motion carried.

Planning Level Budget - - Ms. Mooridian referred to the planning level budget and reviewed the current cost estimates for each task order. The total amount spent is \$5.4 million. The current total cost estimate is \$14.5 million. The LAWA cost share is \$1.45 million. A copy of the planning level budget is attached to these minutes as Annex III.

Conceptual Design Report - - Mr. Kovar distributed a copy of the Draft RRWSP Conceptual Design Report. He said he would not go over this in detail because the presentation given today was based off of this report. The written report is provided for the board's information.

FINANCIAL REPORT

2016 Budget Analysis Statement - - Ms. Mooridian referred to the Budget Analysis statement for the period of January 1 to September 27, 2016, a copy which is attached to these minutes as Annex IV.

Total income through September is \$27,391. Expenses are \$206,478. The total bank balance is \$413,009.

Motion by Director Althoff to accept the budget analysis statement for the period of January 1, 2016, to September 27, 2016. Second by Director Siegert. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson, Siegert, and Vein. Those voting nay: none. Absent and not voting: none. Motion carried.

Bills Paid - - Ms. Mooridian reviewed the bills paid since the June meeting, including auditing services, liability insurance and the 10 percent reimbursement for RRWSP expenditures.

Summary of Dues Paid - - Ms. Mooridian referred to the table showing 2016 membership dues submitted. Dues paid in 2016 total \$27,350.

RESOLUTION OF APPRECIATION

Bob Werkhoven - - Chair Mahoney referred to the resolution of appreciation for former director Bob Werkhoven, who recently resigned from the board. The resolution is attached to these minutes as Annex V.

Motion by Director Nilson to approve the resolution of appreciation for Bob Werkhoven. Second by Director Johnson. Upon voice vote, motion carried.

UNFINISHED BUSINESS

Investment Policy - - Tami Norgard, Vogel Law Firm, reminded the board that the auditors thought it would be prudent for the board to have an investment policy. She referred to and reviewed the draft investment policy, which basically gives a range of instruments to use for depositing and investing funds. A copy of the draft policy is attached to the minutes as Annex VI.

Motion by Director Cronquist to approve the proposed investment policy. Second by Director Mehnert-Meland. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson, Siegert, and Vein. Those voting nay: none. Absent and not voting: none. Motion carried.

Open Board Position - - Ms. Mooridian stated with the resignation of Bob Werkhoven, it leaves an open position on the board. She explained the requirements for filling the position taken from the Century Code. Whoever fills the position must be from a city with a population of 5,000 but not more than 40,000 located east of state Highway 1. There are three cities which fall into that category. They are Valley City, West Fargo and Wahpeton.

LAWA Bylaws state if there is a vacant position on the board due to resignation, the board shall appoint someone to fill the position for the remaining portion of the term by selecting a like member from a list of nominees suggested by the League of Cities. Director Werkhoven's term expires the end of 2017.

Ms. Mooridian said she has contacted the director at the League of Cities, and we are waiting for a potential list of nominees to be brought back to the board.

NEW BUSINESS

Finance Committee - - Ms. Mooridian questioned, with the selection of the municipal advisor, whether the board would like to appoint a Finance Committee. The Technical Advisory Committee, which is currently made up of public works directors, system managers and city engineers, reviews the engineering task orders and reports. During the federal studies, there was an Ad Hoc Committee that reviewed the financing scenarios.

Chair Mahoney stated that he and Vice Chair Vein will determine a way to move forward with creating a Finance Committee and select a chairperson.

City of Moorhead - - Director Mehnert-Meland referred to a copy of the letter dated September 28 from Moorhead Public Service (MPS) stating that the city of Moorhead has elected to pursue an alternative option for future water supply and does not intend to nominate and will not participate in the allocation for the RRWSP. He added that by no means is this to be seen as a reflection on the need for the project. Moorhead feels the project is crucial, but they have an aquifer below them which they feel is adequate. Having said that, they would be willing to tender their position on the board or remain if there could be a benefit to the project. A copy of the letter from MPS is attached to these minutes as Annex VII.

Ms. Norgard said, according to the Century Code and the bylaws, there is one seat on the board for a Minnesota member from a city with a population more than 30,000 located within five miles of North Dakota. There is no provision requiring Moorhead to vacate its position.

The provision states within two years of the delivery of water from the project, everyone has to have a contract. Until that happens, Moorhead could technically stay on the board.

Ms. Norgard added that LAWA does need to go back to the legislature in the next year and amend the Century Code since it technically states that the RRWSP is a federal project. At that time, we may also need to look at who on the Minnesota side has nominated and wants to be a part of the project. In addition, Central North Dakota has signed a Development Agreement and made its nomination. Perhaps this would be the time to add representation from that area to the board. The board needs to decide how it wants the board to be made up and give her instruction on how to draft up an amendment to the Century Code.

It was the consensus of the board that Moorhead remains on the board and central North Dakota have representation.

It was suggested that legal counsel prepare a draft amendment adding two members to the board and removing the federal language from the Century Code.

OTHER

There being no further business to come before the board, the meeting adjourned at 12:30 p.m.

(SEAL)

Timothy Mahoney, Chair

Merri Mooridian, Acting Secretary

REGISTRATION

LAWA Board Meeting
 Fargo, North Dakota
 October 5, 2016

| NAME | ADDRESS |
|-------------------|------------------------------------|
| Steve L. Burian | AE2S |
| Kimberly Cook | GDCD |
| Steve Hansen | SEWUD |
| Kristofer Knutson | Moorhead Public Service |
| Jenny Blomeke | CRWD |
| Bruce Grubb | City of Fargo |
| Al Grasser | City of Grand Forks |
| Randy Radtke | E.G.F. Water + Light Dept. |
| Geneva Kaiser | GDCD - Stutsman County |
| Mike Tweed | GDCD Eddy Co. |
| Roger Fenstad | GDCD Cass Co. |
| Jay Paul Anderson | GDCD Ransom Co. |
| Bill Schwandt | Moorhead Public Service |
| KEN ROSE | GDU - BURKET CO. |
| Joe Zauner | American Pipe |
| Craig DORFEN | ✓ |
| Chris Damm | " " |
| Bob Keller | Stutsman Rural Water Jamestown, ND |
| Neal Kelemen | Northwest Pipe Company |
| GARY A. LEE | ND Senator - District 22 |
| Mannah STRAW | ND Water Users, Bismarck |
| Lisa Schaper | GDCD |
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RRVWSP Work Plan Update September 27, 2016

Goal

| | |
|-------------|--|
| Spring 2016 | Complete Conceptual Design and Cost Estimate |
| Spring 2017 | Complete Preliminary Design and Cost Estimate for pipeline and pump station(s) |
| 2017 - 2018 | Complete Final Design and Cost Estimate |
| 2018 - 2027 | Phased Bidding and Construction |

Total draft budget to complete Conceptual, Preliminary and Final designs is \$66 million. The ND legislature appropriated \$12.359 million for the RRVWSP this past session.

Conceptual Design

1) Missouri River Intake Investigation Task Order – A Missouri River bank filtration intake near Washburn is proposed to reduce the amount of federal permits for the RRVWSP. Results of two previous studies indicated only the Washburn area may support 122 cfs and recommended further study of up to four sites. Work includes well pumping tests to determine yield of horizontal collector wells at the sites and the recommended number and spacing of the horizontal collector wells at each site. The previous work was contracted through the SWC and CH2M Hill. The work in this task order was contracted through GDCD and CH2M Hill. Cost of the work is \$1,306,790.

Status – All field work has been completed. The final report is complete and was presented to the LAWA Technical Advisory Committee on January 22. Results suggest that the desired RRVWSP intake capacity of 122 cfs may be achievable through bank filtration intakes at multiple sites. This would require 9-14 collector wells spread across four sites.

2) Discharge System (Baldhill Creek Investigation) Task Order – Utilizing the Baldhill Creek as a water conveyance to Lake Ashtabula could eliminate the need for 13 miles of pipeline and provide a savings of \$40 million. Studies include creek capacity and the interaction of Baldhill Creek with groundwater aquifers and impacts, if any, to adjacent lands. Estimated cost is \$806,000.

Status –Monitoring equipment has been installed for year 2016. A draft report was provided in early April. The draft report documented that the creek can contain the additional flow, but up to 15 cfs could be lost to infiltration and evaporation.

3) Pipeline Alignment Task Order - The original RRVWSP alignment went from the McClusky Canal to Lake Ashtabula; however, the intake will now be moved to the Missouri River near Washburn. An alignment needs to be established from Washburn to Highway 200 connecting to the original alignment. Also, the original alignment needs to be refined to minimize permitting. Estimated cost is \$960,000.

Status – A draft report with a proposed alignment and cost estimate was released in early March. The alignment has been reviewed by GDCD and LAWA and was submitted to the USCOE for jurisdictional determination.

4) Hydraulic and Pump System Task Order – The intake site has moved from the McClusky Canal to the Missouri River near Washburn, including a new segment of pipeline connecting the two. This task order will build on existing data and expand and refine the hydraulic operational characteristics of the pump stations and control facilities required to successfully operate the RRWSP. The specific goals will be to provide an updated hydraulic analysis of the entire project, a conceptual layout of pumping facilities and a conceptual level cost estimate of those pumping facilities. Estimated cost is \$480,000.

Status –The team discussed a range of pumping flows, placement of a water treatment plant, closed system versus open system using break tank and hydraulic differences with each option. The draft report showing a conceptual design for the hydraulic structures and a cost estimate for the hydraulic structures was released in April.

5) Horizontal Collector Well Conceptual Design Task Order – The information collected from the Missouri River intake studies will be used to develop conceptual design and cost estimates. Estimated cost is \$400,000.

Status – Four sites have been identified with potential hydrogeology. It is estimated that 9 to 14 collector wells would be required to achieve the desired capacity spread across the four sites. An additional 30 miles of pipe will be required to manifold the collector well sites together. Efforts have started to develop a conceptual design for each of the collector wells. The horizontal alignment for the piping to each collector well has been established, as have the initial pump sizes for each collector well. A draft report will be released in mid-April. No further work is recommended at this time related to the collector wells.

Continued work under this task order will be moving forward with a conventional intake conceptual design as recommended by the draft implementation plan.

6) Land Services Task Order – The original RRWSP alignment went from the McClusky Canal to Lake Ashtabula; however, the intake will now be moved to the Missouri River near Washburn. An alignment needs to be established from Washburn to Highway 200 connecting to the original alignment. This task order will prepare ROW data and documents for acquiring new easements. Estimated cost is \$470,000.

Status – The task order is being revised to reflect the implementation plan, and work is underway.

7) Needs Assessment Task Order – The capacity of the federal RRWSP was 122 cfs. Staff began updating potential users of the current State proposed project. Water users in the LAWA service area are being asked to review their needs and then nominate for those needs, through a development agreement, which will, in turn, determine the appropriate size of the pipeline. Furthermore, systems along the pipeline route in Central North Dakota are being canvassed to see if there is a need to service those systems from the State project. The task order will assist GDCD staff in this effort. Estimated cost is \$444,467.

Status – A list of potential users was generated, and letters or email requests were sent to systems requesting a meeting to discuss their potential participation in the project. RRWSP information pieces and presentations were developed, and customized water usage, population projections (if available) and nomination worksheets were generated for use in the system meetings. The meetings are underway – three, four or more

meetings have been held with many systems, including regional coordination and nomination meetings. To date, roughly 120 meetings have taken place with over 50 systems, and more meetings are in the works. To date, 21 systems have nominated a total of 147.52 cfs.

8) Water Treatment Plant Analysis Task Order – The federally proposed WTP used pre-treatment, filtration and disinfection processes located near the McClusky Canal. The State project will be using Missouri River water either through a horizontal collector well near Washburn or a conventional intake near Washburn. The location and level of treatment needs to be reviewed. A range of treatment processes will be developed to complement the RRWSP Concept design and estimate. Estimated cost is \$438,000.

Status –The Bismarck collector well data and the results from the bank filtration study are being used to establish expected conditions in the source water. Overall treatment goals have been drafted that are consistent with the Boundary Waters Treaty. Alternative treatment processes are being developed to deal with a wide range of goals. Depending on the source of water (river or HCW), processes included are 1) pre-sedimentation with no treatment, 2) pre-sedimentation with chlorination/dechlorination, 3) pre-sedimentation, chlorination/dechlorination with UV, and 4) filtration, sedimentation, chlorination/dechlorination and UV.

9) Implementation Plan – The report will include project costs, operation and maintenance costs, construction schedule, review regulatory issues, and discuss how to implement the project in phases. Estimated cost is \$190,000.

Status – Ongoing

Preliminary Design

The conceptual design is nearly complete and is anticipated to be released in August. Engineering teams are ready to start the preliminary design phase. It is estimated to cost \$10 million to complete the Preliminary design on the entire project. Moving forward with limited funds, it is cost effective to start project phasing. The Implementation Plan will provide a road map to move forward with items that have to be completed first, which include permit phasing, design phasing, and construction phasing.

1) Pipeline alignment McClusky to the split – This pipeline segment from the McClusky Canal traversing east to the split is required for all options under the Implementation Plan. This segment, therefore, has the highest priority of all segments. Preliminary design items include field wetland boundaries, determining trenchless construction boundaries, utility identification, location of valves and blowoffs, and horizontal and vertical layout of pipeline. Estimated cost is \$2,500,000.

Status – Land access agreements are being gathered to allow field services to begin. Field services are being coordinated and scheduled with landowners and field crews.

2) Missouri River Conventional Intake/COE Permit – The implementation plan identified using a conventional intake near Washburn as a viable option for the RRWSP. Conventional intake plans and drawings will be generated and submitted to the COE for approval. Work includes preliminary design of the intake and pump station, survey, river bathymetric survey,

environmental and geotechnical information, and permit application. Estimated cost is \$1,000,000.

Status – Land access agreements are being gathered to allow field services to begin. Field services are being coordinated and scheduled with landowners and field crews.

3) Financial Modeling – Financial impacts to the local users of the RRVWSP under various funding levels, project implementation scenarios and cost-share scenarios will need to be evaluated. Financing strategies will be generated from these scenarios. The task order will assist GDCD in this effort. Estimated cost is \$363,800.

Status – The team is refining the capital cost methodology.

4) Pipeline alignment Washburn to McClusky – This pipeline segment from Washburn to the McClusky Canal is required for all Missouri River intake options. This segment, therefore, has a high priority. Preliminary design items include field wetland boundaries, determining trenchless construction boundaries, utility identification, location of valves and blowoffs, and horizontal and vertical layout of pipeline. Estimated cost is \$594,551.

Status - Land access agreements are being gathered to allow field services to begin. Field services are being coordinated and scheduled with landowners and field crews.

5) Pipeline alignment split to Baldhill Creek – This pipeline segment from the split to Baldhill Creek is required for all Red River Valley delivery options under the Implementation Plan. This segment, therefore, has a high priority. Preliminary design items include field wetland boundaries, determining trenchless construction boundaries, utility identification, location of valves and blowoffs, and horizontal and vertical layout of pipeline. Estimated cost is \$574,783.

Status - Land access agreements are being gathered to allow field services to begin. Field services are being coordinated and scheduled with landowners and field crews.

6) Municipal Advisor – A Request for Proposal for a Municipal Advisor to provide financial advisory services for the RRVWSP was developed. The selected firm will work in collaboration with the financial modeling team. The firm selected will have a fiduciary responsibility to GDCD. Estimated cost \$374,835.

Status – Four proposals were received. The selection committee, consisting of two LAWA and two GDCD board members, interviewed two firms and recommended moving forward with Ernst & Young Infrastructure Advisors to provide municipal advisory services for the RRVWSP. In addition, the committee recommended retaining Springsted on an as-needed basis for the issuance of bonds and related efforts. The LAWA Board and GDCD Executive Committee voted to move forward with the recommendation. Contract negotiations are underway with Ernst & Young.

7) Workflow Manager – The overall objective of this task is to provide a robust Geographical Information System (GIS) that is a single source for all spatially related data with anytime access by team members, GDCD, and other stakeholders. The GIS will contain parcels, rights-of-way, survey data, access agreements, landowner information, easements, and other pertinent data. Estimated cost is \$150,000.

Status – All software has been purchased. Three training classes on the software have been held. Data is being uploaded to the site. The web-based access went live on September 9.

| Red River Valley Water Supply Project Planning Level Budget 27-Sep-16 | | | | | | |
|---|------------------|---------------|---------------|----------------|----------------|--|
| July 2015 through June 2017 | | | | | | |
| | Actual | July 2015 - | | | | |
| | Current Estimate | August 2016 | Sep -Dec 2016 | Jan.-June 2017 | | |
| Conceptual Engineering (July 2015 - June 2016) | % Complete | July 2015 - | August 2016 | Sep -Dec 2016 | Jan.-June 2017 | |
| Missouri River Intake Investigation | 95% | \$ 1,306,780 | \$ 1,141,058 | \$ 165,722 | \$ - | |
| Horizontal Collector Well | 100% | \$ 390,743 | \$ 389,364 | \$ 1,379 | \$ - | |
| Hydraulic and Pump System | 99% | \$ 481,081 | \$ 478,455 | \$ 2,626 | \$ - | |
| Pipeline Alignment | 100% | \$ 958,000 | \$ 957,314 | \$ 686 | \$ - | |
| Discharge System (Baldhill Creek) | 80% | \$ 805,988 | \$ 641,078 | \$ 164,910 | \$ - | |
| Land Services | 47% | \$ 469,980 | \$ 222,760 | \$ 247,220 | \$ - | |
| Needs Assessment | 100% | \$ 149,863 | \$ 149,863 | \$ - | \$ - | |
| Water Treatment Plant Analysis | 99% | \$ 438,731 | \$ 435,774 | \$ 2,957 | \$ - | |
| Implementation Plan | 46% | \$ 190,000 | \$ 87,347 | \$ 102,653 | \$ - | |
| Sub-Total | 87% | \$ 5,191,166 | \$ 4,503,013 | \$ 688,153 | \$ - | |
| Preliminary Engineering (July 2016 - June 2017) | | | | | | |
| Needs Assessment - amendment #1 | 83% | \$ 249,604 | \$ 206,214 | \$ 43,390 | \$ - | |
| Missouri River Conventional Intake Design | 11% | \$ 999,578 | \$ 110,187 | \$ 889,391 | \$ - | |
| Pipeline Alignment McClusky to Split & Land Services (ROE) | 11% | \$ 2,515,425 | \$ 272,788 | \$ 842,637 | \$ 1,400,000 | |
| Pipeline Alignment Washburn-McClusky & Land Services (ROE) | 4% | \$ 593,683 | \$ 26,637 | \$ 317,046 | \$ 250,000 | |
| Pipeline from Split to Baldhill Creek (RRV) Land Services (ROE) | 3% | \$ 574,783 | \$ 18,756 | \$ 381,027 | \$ 175,000 | |
| Baldhill Creek Analysis Phase II | Upcoming | \$ 400,000 | \$ - | \$ - | \$ 400,000 | |
| Land Services (Aerial) | Sept Approval | \$ 259,984 | \$ - | \$ 259,984 | \$ - | |
| Main Pump Station and Break Tank | Sept Approval | \$ 997,267 | \$ - | \$ 497,267 | \$ 500,000 | |
| Pipeline to CND | Upcoming | \$ 310,000 | \$ - | \$ - | \$ 310,000 | |
| McClusky Canal Intake | Upcoming | \$ 500,000 | \$ - | \$ - | \$ 500,000 | |
| Discharge Design (Sheyenne/Baldhill) | Upcoming | \$ 100,000 | \$ - | \$ - | \$ 100,000 | |
| Water Treatment Plant, does not include pilot | Upcoming | \$ 300,000 | \$ - | \$ - | \$ 300,000 | |
| Sub-Total | | \$ 7,800,324 | \$ 634,582 | \$ 3,230,742 | \$ 3,935,000 | |
| Administration, Legal and Financial | | | | | | |
| Administration (cost & schedule, communications, LAWA) | | \$ 120,000 | \$ - | \$ 60,000 | \$ 60,000 | |
| Legal | 21% | \$ 564,170 | \$ 120,025 | \$ 224,477 | \$ 219,669 | |
| Financial Modeling | 22% | \$ 363,800 | \$ 78,598 | \$ 165,647 | \$ 119,555 | |
| Municipal Advisor | 0% | \$ 374,835 | \$ - | \$ 100,000 | \$ 274,835 | |
| Workflow Manager | 51% | \$ 150,000 | \$ 76,799 | \$ 73,201 | \$ - | |
| Sub-Total | | \$ 1,572,805 | \$ 275,422 | \$ 623,325 | \$ 674,059 | |
| Total | | \$ 14,564,295 | \$ 5,413,016 | \$ 4,542,220 | \$ 4,609,059 | |
| 90% State Cost Share | | \$ 13,107,866 | \$ 4,871,715 | \$ 4,087,998 | \$ 4,148,153 | |
| 10% LAWA Cost Share | | \$ 1,456,430 | \$ 541,302 | \$ 454,222 | \$ 460,906 | |

* 2015-/2017 state appropriation \$12,359,000



2016 Budget Analysis

For the period of January 1, 2016 - September 27, 2016

| Income | 2016 Budget | Actual as 9/27/16 | Balance of Budget |
|-----------------------------|----------------------|--------------------------|--------------------------|
| Dues Income | \$ 27,000.00 | \$ 27,350.00 | \$ (350.00) |
| Interest Income | \$ 30.00 | \$ 38.91 | \$ (8.91) |
| Miscellaneous | \$ 50.00 | \$ 3.00 | \$ 47.00 |
| Cost Share/Development Agr. | \$ 500,000.00 | \$ - | \$ 500,000.00 |
| Total Income | \$ 527,080.00 | \$ 27,391.91 | \$ 499,688.09 |

Expenses

| | | | |
|------------------------|----------------------|----------------------|----------------------|
| Dues Expenses | \$ 1,250.00 | \$ 1,000.00 | \$ 250.00 |
| Accounting | \$ 5,500.00 | \$ 5,560.00 | \$ (60.00) |
| Directors Expense | \$ - | \$ - | \$ - |
| Insurance | \$ 482.00 | \$ 502.00 | \$ (20.00) |
| Service Fees | \$ 66.00 | \$ 44.00 | \$ 22.00 |
| Water Quality Sampling | \$ 5,000.00 | \$ 5,388.33 | \$ (388.33) |
| Engineering | \$ 823,505.00 | \$ 185,495.54 | \$ 638,009.46 |
| Adm/Legal/Financial | \$ 72,000.00 | \$ 8,489.07 | \$ 63,510.93 |
| Total Expenses | \$ 907,803.00 | \$ 206,478.94 | \$ 701,324.06 |

Account Activity

| | | |
|------------------------------|---------------|----------------------|
| Beg. Bank Balance 1-1-16 | | \$ 592,096.98 |
| Income Received | | \$ 27,391.91 |
| Total Funds Available | | \$ 619,488.89 |
| Service Fees | \$ 44.00 | |
| #1119 Water Coalition | \$ 1,000.00 | |
| #1120 EideBailly | \$ 5,000.00 | |
| #1121 Garrison Diversion | \$ 5,388.33 | |
| #1122 VOID | \$ - | |
| #1123 VOID | \$ - | |
| #1124 Garrison Diversion | \$ 55,773.92 | |
| #1125 EideBailly | \$ 560.00 | |
| #1126 Insure Forward | \$ 502.00 | |
| #1127 Garrison Diversion | \$ 138,210.69 | |

| | | |
|----------------------------|----------------------|----------------------|
| Total Expenses | \$ 206,478.94 | |
| Ending Bank Balance | | \$ 413,009.95 |

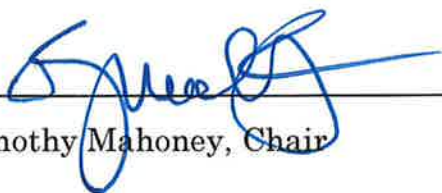
RESOLUTION

WHEREAS, **Bob Werkhoven**, served with distinction representing the City of Valley City as a member of the Lake Agassiz Water Authority from 2012 to 2016; and,

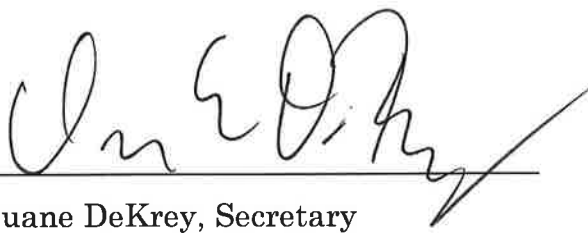
WHEREAS, **Bob Werkhoven** recognized the need for the Red River Valley Water Supply Project and its importance to the state of North Dakota; and,

WHEREAS, **Bob Werkhoven** has been an advocate for water interests in the Red River Valley.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Lake Agassiz Water Authority duly assembled in Fargo, in the state of North Dakota, on October 5, 2016, do hereby express our sincere appreciation for the dedication demonstrated by **Bob Werkhoven** throughout his career.



Timothy Mahoney, Chair



Duane DeKrey, Secretary

DRAFT 9/27/16

LAKE AGASSIZ WATER AUTHORITY
Policy Number _____

I. INVESTMENT OBJECTIVES

Lake Agassiz Water Authority (“LAWA”) will invest its available funds in a prudent manner that will provide for the safety of the funds, minimize risk to the capital invested, be consistent with its cash flow and liquidity requirements and earn the highest return consistent with the preceding parameters

II. INVESTMENT POLICY

LAWA’s Board of Directors shall monitor and review the investment management of the assets. The Board shall invest LAWA’s assets with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with such matters would use in investment of assets in institutions of like character and kind.

A. Pre-Approved Investments

Consistent with LAWA’s cash flow requirements, the Board shall be authorized to make investments satisfying each of the parameters set forth in this sub-part A:

1. Type of investments:

- a. U.S. Treasury Debt Securities, limited to government T-Bills, Notes, Bonds, bond mutual funds and exchange traded bond funds
- b. Certificates of Deposit
- c. Insured interest and non-interest bearing checking accounts

2. Maturity Guidelines:

All investment types, as noted above, shall be either payable on demand or have a final or average maturity equal to or less than three years when purchased, except that bonds and preferred debt securities are not subject to the maturity limitation.

3. Credit Quality:

Investments in interest and non-interest bearing checking accounts, savings accounts, or certificates of deposit shall be fully federally insured or be held at the Bank of North Dakota.

B. Other Restrictions

1. All investments must be U.S. dollar denominated.
2. Securities may not be purchased on margin or leverage.
3. The maximum amount of funds invested pursuant to this provision shall be \$1,000,000 unless otherwise expressly approved by the Board.
4. An investment in any one specific security may not exceed \$500,000, with the exception of any funds held at the Bank of North Dakota.

C. Other Investments

Other investments authorized by law and the bylaws must have advance Board approval. No deviation from these investment policies is authorized without the express approval of the Board of Directors.

Approved by the Board of Directors

Dated: _____, 2016

SEP 29 2016
Annex VII



16-85

September 28, 2016

500 Center Avenue
P.O. Box 779
Moorhead, MN 56561-0779
phone: 218.299.5400
fax: 218.299.5193
www.mpsutility.com

Chairman Tim Mahoney
Chairman of Lake Agassiz Water Authority
P.O. Box 140
Carrington, ND 58421

RE: Red River Valley Water Supply (RRVWSP) Project Development Agreement

Dear Chairman Mahoney:

As you are aware, Moorhead Public Service (MPS) has participated in the Lake Agassiz Water Authority (LAWA) governing board since its inception in 2003. Since that time, MPS has appreciated involvement in the planning process and a seat on the LAWA Board for the RRVWSP.

Recently, the RRVWSP Development Agreement was adopted by the LAWA Board as an instrument to identify ongoing partners for the project. At this time, MPS has elected to pursue an alternative option for future water supply and does not intend to execute the RRVWSP Development Agreement. Subsequently, we will not be committing to the cost-share associated with the RRVWSP Development Agreement at this time.

We have greatly appreciated the opportunity to be part of the LAWA Board and the planning process for the RRVWSP. We would like the opportunity to discuss our current LAWA Board seat at the next LAWA Board meeting.

Sincerely,

Bill Schwandt
General Manager

Kenneth J. Norman
Commissioner

Ralf Mehnert-Meland
Commissioner

Les Bakke
Commissioner

Dave Anderson
Commissioner

John Rogalla
Commissioner

Kristofer Knutson
Water Division Manager

KK/cag
cc: Duane DeKrey, Garrison Diversion (Secretary/Treasurer)