

**LAKE AGASSIZ WATER AUTHORITY**

**BOARD OF DIRECTORS**

**Ramada Plaza & Suites  
Fargo, North Dakota  
February 26, 2016**

A meeting of the Lake Agassiz Water Authority (LAWA) board of directors was held at the Ramada Plaza & Suites, Fargo, North Dakota, on February 26, 2016. The meeting was called to order by Acting Chair Vein at 11 a.m.

**MEMBERS PRESENT**

Acting Chair Ken Vein  
Director LaVonne Althoff  
Director Rick Bigwood  
Director Clark Cronquist  
Director Mark Johnson  
Director Ralf Mehnert-Meland  
Director Carol Siegert  
Director Bob Werkhoven  
Director Rick Bigwood  
Secretary Duane DeKrey

**MEMBERS ABSENT**

Chairman Timothy Mahoney  
Director Keith Nilson

**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**

**Motion by Director Mehnert-Meland to approve the board meeting agenda. Second by Director Cronquist. Upon voice vote, motion carried.**

**CONSIDERATION OF THE MINUTES**

**Motion by Director Siegert to dispense with a reading of the December 18, 2015, board minutes and approve them as distributed. Second by Director Johnson. Upon voice vote, motion carried.**

## **OFFICER AND COMMITTEE REPORTS**

**Technical Advisory Committee** - - Al Grasser, Chair, Technical Advisory Committee, reported that the committee met this morning at 8:30 a.m. At that time, presentations were provided on types of pipelines, pipeline route, hydraulic and pump analysis and potential water treatment plant locations.

Mr. Grasser also reported that the committee elected Jerry Blomeke as vice chair to the committee.

The committee's next meeting is March 30 in Fargo.

## **RED RIVER VALLEY WATER SUPPLY PROJECT (RRVWSP) UPDATE**

**Status Report** - - Kip Kovar, Deputy Program Manager, Engineering, RRVWSP, reviewed the engineering update, along with the status of the eight task orders. A copy of the update is attached to these minutes as Annex II.

Mr. Kovar reminded the board that work is being done on the RRVWSP conceptual design, and that report is due out in April or May. The Technical Advisory Committee will review and comment on a series of engineering reports that are coming out over the next couple of weeks.

**Planning Level Budget & Schedule** - - Merri Mooridian, Deputy Program Manager, Administration, RRVWSP, referred to the planning level budget and reviewed the current cost estimates. The total for conceptual and preliminary engineering plus administrative, legal and financial costs is \$16.2 million. The 90 percent state cost share is \$14.5 million. The legislature allocated \$12.3 million for this biennium. If there are no other funds coming through the state, the preliminary engineering would be looked at in phases.

**Development Agreement** - - Ms. Mooridian referred to the proposed Development Agreement, stating that this is what will be discussed during the user/system visits. The system's water needs will be validated in this agreement. It will, in turn, also include how the system will pay for the 10 percent local share. There will be a flow through of the system's cfs nomination that will be a percentage of 10 percent local cost share.

Ms. Mooridian added that Tami Norgard, Vogel Law Firm, developed the agreement with input and review from attorneys representing the users/systems of the RRVWSP.

Ms. Norgard highlighted portions of the agreement, including Exhibit A, the attached budget, which identifies that the local share of the project is \$1.62 million. The agreement states that members, who will be nominating for water, will be liable for paying their pro rata share of the \$1.62 million. She also pointed out the portion that states each of the entities will need to identify how much water they need and what they are going to commit to. While the entity is committing to the project and nominating for a certain amount, it is not necessarily committing to or binding the entity for the next step. It is a best estimate that the member is going to nominate for this amount so long as the costs seem reasonable. In terms of duration, this commitment would be to pay for the costs of the preliminary engineering process through June of 2017, or if the project gets delayed, it can go beyond that date so long as budgeted funds are still available.

Ms. Norgard called extra attention to the paragraph pertaining to the latecomer policy that is addressed separately.

Another portion of the agreement deals with contingency and states that at least 80 cfs needs to be committed from the members before the agreement is enforceable. There needs to be enough members in the project to make it work.

There was discussion regarding the 80 cfs total commitment amount and whether it should be increased.

Ms. Norgard stated that the Development Agreement gets you through the concept planning and the preliminary designs to understand what the project is going to look like, and then the costs can be presented to the members to decide whether they still want to participate in the project.

**Latecomer Policy** - - Mr. Norgard referred to a copy of Exhibit B, the Latecomer Policy, which says that the Development Agreement must be signed by October 1, 2016. If it is not signed by that date, the Latecomer Policy kicks in, and anyone signing after that date will have to pay their pro rata share plus a 20 percent risk penalty.

Copies of the proposed Development Agreement with Exhibit A (budget) and Exhibit B (Latecomer Policy) are attached to these minutes as Annex III.

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

**Motion by Director Cronquist to adopt the proposed Development Agreement. Second by Director Bigwood.**

The suggestion was made to change the 80 cfs as the total amount of nominations received from the members to 100 cfs.

**Motion by Director Mehnert-Meland to amend the motion changing Item 11, Contingency, in the Development Agreement, removing at least 80 cfs as the total amount of nominations received from the members and replacing it with at least 100 cfs. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Mehnert-Meland, Siegert, Vein and Werkhoven. Those voting nay: none. Absent and not voting: Mahoney and Nilson. Motion carried.**

**Upon roll call vote, the following directors voted aye on the motion as amended: Althoff, Bigwood, Cronquist, Johnson, Mehnert-Meland, Siegert, Vein and Werkhoven. Second by Director Johnson. Those voting nay: none. Absent and not voting: Mahoney and Nilson. Motion carried.**

## **FINANCIAL REPORT**

**2015 Budget Analysis Statement** - - Ms. Mooridian referred to the Budget Analysis statement for the period of January 1 to December 30, 2015, a copy which is attached to these minutes as Annex IV.

Total income for 2015 is \$54,573. Expenses are \$219,527. The total bank balance is \$592,096.

**Motion by Director Siegert to accept the budget analysis statement for the period of January 1, 2015, to December 31, 2015. Second by Director Althoff. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Menhert-Meland, Siegert, Vein and Werkhoven. Those voting nay: none. Absent and not voting: Mahoney and Nilson. Motion carried.**

**Bills Paid** - - Ms. Mooridian referred to copies of bills paid since the December 18 meeting, including water sampling and the 10 percent reimbursement for RRWSP expenditures.

**Summary of Dues Paid** - - Ms. Mooridian referred to the table showing 2015 membership dues submitted. Dues paid in 2015 total \$26,650.

#### Nonparticipating Entities

Ms. Mooridian called attention to the list showing entities that were previously billed for membership dues beginning in 2004. After a few years of not receiving payments from these entities, they were considered nonparticipating entities, and the decision was made to remove them from the list and discontinue billing them for dues. The list is provided for the board's information.

#### 2016 BUDGET

Ms. Mooridian referred to the proposed 2016 budget and reviewed it with the board. The total projected income for 2016 is \$527,080, with expenses projected to be \$907,821. A copy of the budget is attached to these minutes as Annex V.

**Motion by Director Mehnert-Meland to approve the 2016 LAWA budget. Second by Director Althoff. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Mehnert-Meland, Siegert, Vein and Werkhoven. Those voting nay: none. Absent and not voting: Mahoney and Nilson. Motion carried.**

#### UNFINISHED BUSINESS

**National Legal Counsel** - - Ms. Norgard reminded the board that during the December board meeting the board was informed that a request for proposals to retain national legal counsel to assist with legal issues associated with the RRWSP had gone out. At that time, an Ad Hoc/Review Committee was selected, including Garrison Diversion and LAWA representatives to review proposals, interview firms and make a recommendation to the Garrison Diversion board by January 8.

Two firms were selected for interviews by video conference, which took place on January 6. The Review Committee recommended hiring Brownstein Hyatt Farber Schreck. The chief attorney, who the committee has been corresponding with is David Bernhardt, who comes highly recommended by people associated with NWRA. The firm is also identified as the number three lobbying firm in Washington, D.C.

Garrison Diversion's board approved hiring Brownstein Hyatt Farber Schreck at its board meeting on January 7.

Ms. Norgard reported that Mr. Bernhardt and another attorney from their office will be coming to North Dakota to meet with the RRVWSP's engineering team at Garrison Diversion in Carrington on March 1 and 2.

**Motion by Director Siegert to approve hiring Brownstein Hyatt Farber Schreck as national legal counsel for the Red River Valley Water Supply Project as recommended by the appointed Review Committee. Second by Director Bigwood. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Johnson, Mehnert-Meland, Siegert, Vein and Werkhoven. Those voting nay: none. Absent and not voting: Mahoney and Nilson. Motion carried.**

**OTHER**

**Next Meeting Date** - - The next board meeting will be held in April with a date and time to be determined.

There being no further business to come before the board, the meeting adjourned at 12:20 p.m.

(SEAL)

\_\_\_\_\_  
Kenneth Vein, Acting Chair

\_\_\_\_\_  
Duane DeKrey, Secretary

**REGISTRATION**

LAWA Board Meeting  
Fargo, North Dakota  
February 26, 2016

NAME	ADDRESS
Kimberly Axt	GDCC
Deneva Kaiser	GDCC
Roger Buehler	GDCC
Mike Tweed	GDCC
Al Grasse	City of Grand Forks
Gordon L. Johnson	Northeast Regional Water District
Jerry Blomke	CRWD
Bruce Grubbs	City of Fargo
Kristofer J. Knutson	Moorhead Public Service
Randy Radaez	City of East Grand Forks
Steve Hansel	Southeast Water Users
Pat Zavoral	AEZS
PAUL BLANCHARD	NWP
Paul Boersma	BTV
CRAIG DOLDEN	AMERICAN PIPE
Mike Damped	RD Water Users

## RRVWSP Engineering Update February 16, 2016

### Goal

Spring 2016 complete Conceptual design and cost estimate  
Winter 2016 complete Preliminary design and cost estimate  
Year-End 2017 complete Final design and cost estimate  
2018-2024 Phased Bidding and Construction

Total draft budget to complete Conceptual, Preliminary and Final design is \$66 million. ND legislature appropriated \$12.3 million for the RRVWSP this past session.

Current Task Order Development consists of: 1) Missouri River Intake, 2) Baldhill Creek Discharge, 3) Horizontal Alignment, 4) Hydraulic and Pump Analysis, 5) draft Horizontal Collector Well Conceptual Design, 6) draft Land Services, 7) draft Needs Assessment and 8) draft Water Treatment Plant Analysis.

### 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 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 proposed work in this task order is 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. Nine to fourteen collector wells spread across four sites would be required.

**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 \$30 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 – Of the 27 hydraulic structures, 22 have been granted access, 49 of 96 channel cross sections have been granted access, and surveys have been completed. Seven monitoring sites were active this fall and have been shut down for the year due to ice formation. A draft report is expected in February.

**3) Pipeline Alignment 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. Also, the original alignment needs to be refined to minimize permitting. Estimated cost is \$960,000.

Status –The alignment has been reviewed by GDCD and LAWA and is ready to submit 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.

**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.

**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 – No work has been completed to date.



**7) Needs Assessment Task Order** – The original capacity of the RRWSP was 122 cfs. Staff will begin updating users of the current State proposed project. Water users in the LAWA service area will be asked to review their needs to determine if 122 cfs is an appropriate size. Furthermore, systems along the pipeline routes in Central North Dakota will be 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 \$150,000.

Status – A list of potential users has been generated. Letters to the systems and informational pieces are in draft form. The mailings will update potential users of the project status and will request meetings with the systems. The mailings will go out in phases starting in early January. Phone calls and system visits will follow.

**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 through a horizontal collector well near Washburn. The location and level of treatment needs to be reviewed. A range of treatment processes will be developed to compliment the RRWSP Concept design and estimate.

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 established that are consistent with the requirements for a biota water treatment plant. Three treatment processes have been developed and are being evaluated.

**DRAFT 2/10/16**

**RRVWSP PROJECT DEVELOPMENT AGREEMENT**

THIS RED RIVER VALLEY WATER SUPPLY PROJECT DEVELOPMENT AGREEMENT (this “Agreement” ), dated \_\_\_\_\_, 2016 (the “Effective Date” ), is by and between the Lake Agassiz Water Authority (“LAWA” ), a political subdivision of the State of North Dakota, and \_\_\_\_\_, a [city, water district or other water distribution system] (the “Member” ).

**Recitals**

A. LAWA was established as a political subdivision of the State of North Dakota with an authorized purpose of assisting in the development of a reliable, high quality water supply for eastern North Dakota for various purposes, including domestic, rural water, municipal and industrial uses. LAWA may include interested cities, water districts and other rural water distribution systems in central North Dakota as part of its service area as well.

B. The foregoing shall be accomplished by the bulk purchase of water by LAWA from the Garrison Diversion Conservancy District (“GD CD” ) delivered by the features contemplated as part of a state and locally funded Red River valley water supply project (the “Project” ).

C. It is imperative to identify as accurately as possible those Members that will contract with LAWA to purchase water in order to identify the necessary capacity of the system, to develop a sufficiently detailed and accurate preliminary design for the Project, and to generate a commitment to cover the necessary local funds for cost share participation as the Project moves forward. To that end, LAWA and the Member enter into this Agreement to set forth certain terms and conditions relating to Member’s participation in the concept planning and preliminary design of the Project, which is underway and currently being funded by existing LAWA funds. The parties understand that the current funds held by LAWA will be insufficient to meet the local cost share requirements for the concept planning and preliminary design of the Project. This Agreement and contemporaneous agreements with other member entities commit the Member(s) to an assessment for their equitable share of the additional concept planning and preliminary design costs (“Project Development Costs”). To date, the state of North Dakota has been providing 90% of the cost share funding with 10% being paid locally. While this cost share ratio may change if required by the state, it is anticipated that this same cost share ratio will continue through preliminary design.

**Agreement**

In consideration of the foregoing and the covenants and agreements set forth herein, the parties agree as follows:

1. Member has reviewed and understands the proposed “Red River Valley Water Supply Project Planning Level Budget” (“Budget”) that is attached hereto as Exhibit A. The Budget is solely LAWA’s best estimate to date of Project Development Costs through June 2017, which at this time are estimated to be \$16,218,041. These estimates are not intended to create a financial limit on contributions, but are presented merely to identify the categories of expenses contemplated by this Agreement and the total Project Development Costs anticipated at this point. LAWA, through Member contributions, is responsible to pay the ten percent local share of the total estimated cost, or \$1,621,804.
2. Member has conducted a meaningful review of its anticipated future water needs and has had the opportunity to consult with engineers and legal professionals regarding Member’s anticipated future need and the obligations under this Agreement. The water nomination provided by the Member in this Agreement is Member’s best estimate of Member’s future water supply needs and represents the capacity the Member intends to contract for, so long as the Member deems the costs to be reasonable. For the limited purposes of the obligations of this Agreement, in furtherance of designing and securing capacity in the Project, Member hereby identifies its future water needs from the Project at \_\_\_\_ acre feet per calendar year, with a peak instantaneous peak flow rate of \_\_\_\_ cubic feet per second (cfs) if the Project is constructed. Of this amount, Member anticipates that its nomination would include \_\_\_\_ acre feet annually for domestic needs and \_\_\_\_ acre feet annually for industrial needs. LAWA commits to reserve and protect sufficient water capacity in the Project to sell this nominated allocation to Member on terms that will obligate Member to pay for capital costs, operation and maintenance costs and payment for a water supply.
3. Member would later expect to negotiate and enter into a LAWA Participation Agreement and a Water Supply Agreement once the Project costs are known, modeled and the Operating Plan is complete. The Participation Agreement and Water Supply Agreement will set forth the terms, conditions and proposed payment structure that will be expected of Member once the Project moves into construction and thereafter into operation and maintenance.
4. This Agreement solely addresses the Member’s responsibility for its share of the initial costs associated with and limited to the specific categories identified in Exhibit A, through the later of (1) June, 2017 if budgeted funds are expended by that date, or (2) thereafter if the completion of the concept planning and preliminary design extends beyond that date and so long as there are budgeted funds available to complete the concept planning and preliminary design. Member hereby agrees to pay its equitable share of the local share of the Project Development Costs. Member’s equitable share is determined as a percentage of the Member’s nomination over the total sum of nominations.

5. Member agrees that the funds they pay per this Agreement are non-refundable in any and all cases including, without limitation, if the Project is discontinued or terminated or if Member decides not to further participate in the Project.
6. Member acknowledges and agrees that there are a number of risks, any or all of which could occur, that could have the effect of increasing the cost of the Project and/or delaying and/or terminating the Project, including by way of illustration and not limitation, the following: (i) litigation; (ii) court order; (iii) changes in legislation affecting the Project, LAWA and/or the GDCD; (iv) different environmental risks than those previously identified; (v) increased labor costs or costs of materials; (vi) the need to obtain Federal approval or a Federal permit; (vii) the Federal Government's decision to support the Project; (viii) a change in the State of North Dakota's financial ability to fund its portion of the Project; (ix) climate change and variability; and (x) political interference at the local, state or Federal level. Any increase in the identified budgeted costs would require approval of the LAWA Board.
7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
8. This Agreement (and any interest herein or hereunder) may not be assigned, transferred, pledged, hypothecated or encumbered without the prior written consent of the other party; provided, however, that LAWA may assign this Agreement to GDCD without Member's consent.
9. This Agreement shall be governed by the laws of the State of North Dakota, without giving effect to its choice of laws principles. Venue of any proceedings shall be in the state courts located in Cass County, North Dakota.
10. Members who execute an Agreement for participation in Project Development on or after October 1, 2016 will be considered "latecomers" and will pay those amounts set forth in the LAWA Latecomers Policy attached hereto as Exhibit B, which includes additional contribution required as a risk penalty. Any financial contributions made by latecomers that are not needed to facilitate the addition of the latecomer to the system or otherwise needed for planning, will be considered by the LAWA Board, in its discretion, for reimbursement to entities like this Member who entered agreements to cover development costs on or before October 1, 2016.
11. Contingency: This Agreement is valid and enforceable only if LAWA obtains similar Agreements from other members that represent nominations of at least 80 cfs in the aggregate. If LAWA is unable to secure agreements amounting to 80 cfs to share the costs of this Agreement, this Agreement is null and void and without further effect.

WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

LAKE AGASSIZ WATER AUTHORITY

\_\_\_\_\_

By:\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Its:\_\_\_\_\_

**EXHIBIT A**  
**Red River Valley Water Supply Project**  
**Planning Level Budget**

Red River Valley Water Supply Project						
Planning Level Budget						
4-Feb-16						
July 2015 through June 2017						
	% Complete	Current Estimate	Actual July-Dec 2015	Jan.-June 2016	July-Dec 2016	Jan.-June 2017
<b>Conceptual Engineering (July 2015 - June 2016)</b>						
Missouri River Intake Investigation	80%	\$ 1,306,790	\$ 1,046,664	\$ 260,126	\$ -	\$ -
Horizontal Collector Well	initiated	\$ 400,000	\$ -	\$ 400,000	\$ -	\$ -
Hydraulic and Pump System	initiated	\$ 481,081	\$ -	\$ 481,081	\$ -	\$ -
Pipeline Alignment	47%	\$ 960,000	\$ 453,550	\$ 506,450	\$ -	\$ -
Discharge System (Baldhill Creek)	30%	\$ 806,000	\$ 238,612	\$ 567,388	\$ -	\$ -
Land Services		\$ 470,000	\$ -	\$ 470,000	\$ -	\$ -
Needs Assessment		\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -
Water Treatment Plant Analysis		\$ 600,000	\$ -	\$ 600,000	\$ -	\$ -
Sub-Total		\$ 5,173,871	\$ 1,738,826	\$ 3,435,045	\$ -	\$ -
<b>Preliminary Engineering (July 2016 - June 2017)</b>						
Horizontal Collector Well		\$ 1,600,000	\$ -	\$ -	\$ 800,000	\$ 800,000
Hydraulic and Pump System		\$ 1,200,000	\$ -	\$ -	\$ 600,000	\$ 600,000
Pipeline Alignment		\$ 3,600,000	\$ -	\$ -	\$ 1,600,000	\$ 2,000,000
Discharge System (Baldhill Creek)		\$ 700,000	\$ -	\$ -	\$ 350,000	\$ 350,000
Land Services (Survey)		\$ 900,000	\$ -	\$ -	\$ 450,000	\$ 450,000
Land Services (Easement Options)		\$ 600,000	\$ -	\$ -	\$ 300,000	\$ 300,000
Water Treatment Plant, does not include pilot		\$ 1,400,000	\$ -	\$ -	\$ 700,000	\$ 700,000
Sub-Total		\$ 10,000,000	\$ -	\$ -	\$ 4,800,000	\$ 5,200,000
<b>Administration, Legal and Financial</b>						
Administration (cost & schedule, communications, LAWA)		\$ 180,000	\$ -	\$ 60,000	\$ 60,000	\$ 60,000
Legal	3%	\$ 564,170	\$ 14,170	\$ 200,000	\$ 175,000	\$ 175,000
Financial		\$ 300,000	\$ -	\$ 125,000	\$ 100,000	\$ 75,000
Sub-Total		\$ 1,044,170	\$ 14,170	\$ 385,000	\$ 335,000	\$ 310,000
Total		\$ 16,218,041	\$ 1,752,996	\$ 3,820,045	\$ 5,135,000	\$ 5,510,000
90% State Cost Share		\$ 14,596,237	\$ 1,577,696	\$ 3,438,041	\$ 4,621,500	\$ 4,959,000
10% LAWA Cost Share		\$ 1,621,804	\$ 175,300	\$ 382,005	\$ 513,500	\$ 551,000

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

**DRAFT 2/11/16**

**LAKE AGASSIZ WATER AUTHORITY**

**LATECOMER POLICY**

**WHEREAS**, there have been, and will continue to be, substantial initial costs for concept planning and preliminary design, as well as other costs including, without limitation, real estate acquisition, design and construction costs (collectively, “Project Costs”) relating to the state and locally-funded Red River valley water supply project, as well as its predecessor project studied under the Dakota Water Resources Act (collectively, the “Project”).

**WHEREAS**, Garrison Diversion Conservancy District (“Garrison Diversion”) and Lake Agassiz Water Authority (“LAWA”), through its individual stakeholders including Fargo and other cities and water districts (“Initial Members”), paid the local share of the Project Costs to date. The Initial Members’ payments were made with some expectation of partial reimbursement by entities that later seek water supplies from the Project but who did not contribute their share of initial Project Costs.

**WHEREAS**, N.D.C.C. § 61-39-05 grants the Lake Agassiz Water Authority (“LAWA”) the authority to accept funds for the purpose of aiding and promoting the construction, maintenance, and operation of the Project and to enter into contracts to supply water and provide for payments that may be used to fund Garrison Diversion’s costs of acquiring, constructing or reconstructing the Project, whether such acquisition, construction or reconstruction of the Project is actually completed and whether any water is actually delivered.

**WHEREAS**, as new cities, water districts or other water distribution systems desire to purchase water and enter into agreements with LAWA, these entities seeking a water supply from LAWA after October 1, 2016 (each such entity, a “Latecomer” and collectively, the “Latecomers”) will need to contribute their pro rata share of the Project Costs that were incurred after July 1, 2015 (such amount, “Project Contribution Payment”).

**WHEREAS**, in order to best plan and budget for the Project, it is best that all interested cities, water districts and other water distribution systems sign a RRVWSP Project Development Agreement as soon as possible. In order to discourage any delay in signing such an agreement, LAWA will assess any Latecomer an additional risk penalty beyond the Latecomer’s Project Contribution Payment (such amount, the “Late Fee”).

**NOW, THEREFORE**, it is hereby resolved that the Latecomers Policy be:

1. Any Latecomer will be required to pay a Project Contribution Payment. The amount of such Project Contribution Payment will be the entity’s pro rata share of the local share (currently 10%) of the Project Costs incurred after July 1, 2015. The pro rata share will

be a percentage of the Latecomer's water nomination as compared to the entire amount nominated by the Latecomer and other entities signing as of that date.

2. Any Latecomer will be assessed a Late Fee, calculated in an amount of 20% of the Member's Project Contribution Payment. Such Late Fee shall be payable at such time that the Latecomer enters into a Development Agreement, Water Supply Agreement or Project Participation Agreement with LAWA.
3. The Project Contribution Payment and Late Fee are in addition to any and all amounts due under the Latecomer's Water Supply Agreement and any other Project Participation Agreement with LAWA, including a commitment to pay a pro rata share of other costs being incurred.
4. To the extent LAWA deems appropriate and to true up past payments made by Initial Members to better equate to their proportionate nomination for water, the Project Contribution Payment and Late Fee may be used by LAWA to reimburse Initial Members for the Project Costs. Any amounts not used to so reimburse, may be used by LAWA for ongoing Project Costs.
5. This Latecomers Policy was adopted by the LAWA Board on February 26, 2016.





**2015 Budget Analysis**  
For the period of January 1, 2015 - December 31, 2015

<b>Income</b>	<b>2015 Budget</b>	<b>Actual as 12/31/15</b>	<b>Balance of Budget</b>
Dues Income	\$ 27,000.00	\$ 26,650.00	\$ 350.00
Interest Income	\$ 30.00	\$ 76.04	\$ (46.04)
Miscellaneous	\$ 69.00	\$ 69.00	\$ -
Cost Share (2014)	\$ -	\$ 27,778.00	\$ (27,778.00)
<b>Total Income</b>	<b>\$ 27,099.00</b>	<b>\$ 54,573.04</b>	<b>\$ (27,474.04)</b>

**Expenses**

Dues Expenses	\$ 1,250.00	\$ 1,000.00	\$ 250.00
Accounting	\$ 5,400.00	\$ 5,400.00	\$ -
Directors Expense	\$ -	\$ 40.00	\$ (40.00)
Insurance	\$ 482.00	\$ 482.00	\$ -
Service Fees	\$ 66.00	\$ 66.00	\$ -
Water Quality Sampling	\$ 40,000.00	\$ 37,239.98	\$ 2,760.02
Right-of-Way	\$ -	\$ -	\$ -
Engineering	\$ 271,000.00	\$ 173,882.58	\$ 97,117.42
Legal	\$ -	\$ 1,417.00	\$ (1,417.00)
<b>Total Expenses</b>	<b>\$ 318,198.00</b>	<b>\$ 219,527.56</b>	<b>\$ 98,670.44</b>

**Account Activity**

Beg. Bank Balance 1-1-15		\$ 757,051.40
Income Received		\$ 54,573.04
<b>Total Funds Available</b>		<b>\$ 811,624.44</b>
Service Fees	\$ 66.00	
#1107 Void	\$ -	
#1108 Garrison Diversion	\$ 40.00	
#1109 Water Coalition	\$ 1,000.00	
#1110 EideBailly	\$ 4,800.00	
#1111 Garrison Diversion	\$ 9,778.59	
#1112 EideBailly	\$ 600.00	
#1113 Garrison Diversion	\$ 7,550.21	
#1114 Insure Forward	\$ 482.00	
#1115 Garrison Diversion	\$ 10,916.47	
#1116 Void	\$ -	
#1117 Garrison Diversion	\$ 8,994.61	
#1118 Garrison Diversion	\$ 175,299.58	
<b>Total Expenses</b>	<b>\$ 219,527.46</b>	

**Ending Bank Balance** **\$ 592,096.98**



**LAKE AGASSIZ WATER AUTHORITY  
2016 PROPOSED BUDGET**

	<b>2015 Actual</b>	<b>2016 BUDGET</b>
Beginning Bank Balance	\$757,051.40	\$592,096.88
<b>REVENUES:</b>		
Dues Income	\$26,650.00	\$27,000.00
Interest Income	\$76.04	\$30.00
Cost Share Payments / Development Agreements	\$27,778.00	\$500,000.00
Miscellaneous	\$69.00	\$50.00
<b>Total Revenues</b>	<b>\$54,573.04</b>	<b>\$527,080.00</b>
<b>EXPENDITURES:</b>		
Dues Expense	\$1,000.00	\$1,250.00
Accounting	\$5,400.00	\$5,500.00
Director Expense	\$40.00	
Insurance	\$482.00	\$500.00
Service Fees	\$66.00	\$66.00
Water Quality Sampling	\$37,239.98	\$5,000.00
Engineering	\$173,882.58	\$823,505.00
Administration/Legal/Financial	\$1,417.00	\$72,000.00
<b>Total Expenses</b>	<b>\$219,527.56</b>	<b>\$907,821.00</b>
REVENUES OVER EXPENDITURES*	(\$164,954.52)	(\$380,741.00)
Ending Bank Balance	\$592,096.88	\$211,355.88