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12-41

LAKE AGASSIZ WATER AUTHORITY

BOARD OF DIRECTORS

**Ramada Plaza Suites
Fargo, North Dakota
September 11, 2012**

A meeting of the Lake Agassiz Water Authority (LAWA) was held at the Ramada Plaza Suites of Fargo, North Dakota, on September 11, 2012. 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 Rick Bigwood
Director Clark Cronquist
Director Curt Kreun
Director Carol Siegert
Director Bob Werkhoven
Secretary Dave Koland

MEMBERS ABSENT

Director Les Bakke
Director Winston Johnson

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

The agenda stood approved as presented.

CONSIDERATION OF THE MINUTES

Motion by Director Cronquist to approve the October 11, 2011, minutes as distributed. Second by Director Kreun. Upon voice vote, motion carried.

CONSIDERATION OF COMMUNICATIONS

None

COMMITTEE REPORTS

None

RED RIVER VALLEY WATER SUPPLY PROJECT UPDATE

Plan B - - Dave Koland, Secretary, reported that a meeting was held with Governor Dalrymple in January at which time the discussion was about the Record of Decision and the next step in the Red River Valley Water Supply Project (RRVWSP). The suggestion from the LAWA representatives was to try and find a way without involving Reclamation to move the project forward.

Mr. Koland said a new alternative, referred to as Plan B, has been developed. It does not include the Bureau of Reclamation's involvement and, therefore, eliminates the need for a Record of Decision and the requirement for congressional approval. This plan has been presented to the governor's staff, the Water Related Topics Overview Committee, the State Water Commission staff and the Garrison Diversion board. As we move through this process, it is time for the Lake Agassiz Water Authority to decide whether we are on the right track.

Steve Burian, Advanced Engineering and Environmental Services, provided a PowerPoint presentation introducing the alternative plan called Plan B for the RRVWSP. This plan involves constructing a pipeline from Washburn to Baldhill Creek. It does not include use of the Snake Creek Pumping Plant or the McClusky Canal.

It is important to note that the Preferred Alternative remains the best solution and most economical. The advantage of Plan B is it does not require a Record of Decision or congressional approval.

Based on 2012 dollars, the total estimated project cost of Plan B is \$781 million versus \$622 million for the GDU Import to the Sheyenne River Alternative, which remains the preferred alternative.

Questions regarding the two alternatives were addressed by Mr. Koland and Mr. Burian.

Chair Furness asked what are the board's wishes; would it like to proceed with Plan B?

Director Kreun said a lot of work has been done, and this project affects all of our communities. It is imperative of this group to look forward far enough and not let the small glitches in weather patterns deter us from trying to look for an alternative so that we have the proper water to build our communities. As we all know, water is becoming more and more important because the demand is getting higher and higher. He believes we should continue to explore and try and move forward with this project.

Director Althoff questioned whether there was a way to start the project in the middle.

Mr. Koland said one of the strengths of Plan B is they can put the pipeline in on the preferred alternative route and the last things that we could contemplate doing would be to have the connection to the Missouri River by pipeline and the water treatment plant. The problem is there are only two or three years of back up water supply, and the construction

time is six years. The aim is to reduce that time schedule every way possible, i.e., get all the right-of-way, fully design the project, etc.

Mr. Koland said the work plan includes completing the preliminary design.

Al Grasser, city of Grand Forks, asked if the legislature will be approached this session for funding.

Mr. Koland said the proposal to the Water Coalition is for \$5 million in the next biennium. It is believed that this will match up closely with the governor's budget proposal when it comes to the legislature.

Mr. Koland stated that it would be appropriate for the LAWA to make a motion to move forward with Plan B.

Pat Zavoral, city of Fargo, commented that Fargo is the biggest benefactor from this project and the biggest contributor, but they also need flood protection. They are often asked if they want flood protection or do they want water. For them it is a matter of prioritization. They are prepared to push the project along with the options that have been presented with the understanding that they will have to pay for some of it. Hopefully, they can have the projects that they are looking at developed in such a manner that if there is a drought, they do have an option and if there is a catastrophic flood the flood protection will be far enough along so they have that protection as well.

Motion by Director Althoff to proceed with further analysis of Plan B for the Red River Valley Water Supply Project. Second by Director Siegert.

Mr. Koland said proceeding with Plan B means moving forward without federal money. It would be paid for by a 50/50 share between the users and the state. It does not forsake the federal responsibility for the water treatment portion of complying with the treaty. This will be a topic of negotiation later on.

Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Burley, Cronquist, Kreun, Siegert and Workhoven. Those voting nay: none. Absent and not voting: Bakke and Johnson. Motion carried.

FINANCIAL REPORT

2011 Audit - - Mr. Koland referred to the 2011 audit prepared by EideBailly on LAWA's financial statements for the year ended December 31, 2011. He also referred to EideBailly's letter to the board regarding their findings and reported that LAWA had a clean audit. A copy of the LAWA 2011 audit can be obtained by contacting the Garrison Diversion Conservancy District.

Motion by Director Cronquist to accept the 2011 Lake Agassiz Water Authority audit report. Second by Director Kreun. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Burley, Cronquist, Kreun, Siegert and Workhoven. Those voting nay: none. Absent and not voting: Bakke and Johnson. Motion carried.

Budget Analysis Statement - - Mr. Koland referred to the Budget Analysis statement for the period of January 1 to August 31, 2012, a copy which is attached to these minutes as Annex I.

Total income for 2012 is \$120.03. He pointed out that 2012 dues have not been billed so there is little 2012 revenue. Expenses for 2012 are \$24,505.

Motion by Director Bigwood to accept the budget analysis statement for the period of January 1 to August 31, 2012. Second by Vice Chair Burley. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Burley, Cronquist, Furness, Johnson, Kreun and Siegert. Those voting nay: none. Absent and not voting: Bakke and Johnson. Motion carried.

2012 Dues - - Mr. Koland reported that dues have not been collected since we started the year with \$92,000 in cash and a meeting of the board has not taken place in 2012 to discuss this issue. At this time, he said, there is a bank balance of \$68,400. Most systems budget for dues on a yearly basis and would prefer to make the payment annually. Therefore, we will send out dues statements for 2012 unless there are objections.

Motion by Director Cronquist to assess membership dues for 2012. Second by Director Kreun.

Vice Chairman Burley questioned whether the board should bill for 2012 dues since the special assessment was charged in 2011, and there is money carried over.

Director Kreun commented that most members have prepared their 2012 budget to include funds to pay their 2012 LAWA membership dues. They just have not been billed for them yet. He does not feel the board should skip a year.

Mr. Koland said in 2012 there was \$5 million in the current biennium to be expended and that money has not been accessed from the State Water Commission match. The State Water Commission has allocated that money to other projects so we will not be completing any Red River Valley cost share work until the next biennium. That is partly why there is a larger bank balance remaining.

Chair Furness also pointed out that there are still expenses to be paid in 2012 so the bank balance will decrease.

Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Furness, Johnson, Kreun and Siegert. Those voting nay: Burley. Absent and not voting: Bakke and Johnson. Motion carried.

2012 Budget - - Mr. Koland referred to the proposed 2012 LAWA budget, and reviewed the projected revenues of \$27,222 and expenses totaling \$36,753. A copy of the budget is attached to these minutes as Annex II.

Mr. Koland said although the year is almost over, it is required by the auditors to have the board approve the annual budget.

Questions from the board regarding the budget were addressed by Mr. Koland.

Motion by Director Kreun to approve the 2012 LAWA Budget. Second by Director Bigwood. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Cronquist, Furness, Johnson, Kreun and Siegert. Those voting nay: Burley. Absent and not voting: Bakke and Johnson. Motion carried.

UNFINISHED BUSINESS

2011-2013 LAWA Work Plan - - Mr. Koland referred to the 2011-2013 Work Plan, stating that the board had decided to wait and approve the work plan at the January meeting, and then the board never met.

Mr. Koland said the work plan was developed going into the 2011 legislative session with a request of \$20 million in funding for the project. We are staying with the same work plan that includes completing final design, exercising right-of-way options, completing the financial package, road/railroad boring and building the discharge facilities. A copy of the work plan is attached to these minutes as Annex III.

Motion by Director Kreun to approve the 2011-2013 LAWA Work Plan. Second by Director Siegert. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Burley, Cronquist, Furness, Johnson, Kreun and Siegert. Those voting nay: none. Absent and not voting: Bakke and Johnson. Motion carried.

NEW BUSINESS

Mr. Koland announced that Garrison Diversion is sponsoring a Drought Conference to be held on October 2 at the Hilton Garden Inn in Fargo. Registration begins at 9 a.m.

OTHER

Next Meeting - - The board discussed when it should hold its next meeting. It was the board's consensus to approve the 2013 budget by email and hold its next meeting during the legislative session.

There being no further business to come before the committee, the meeting adjourned at 2:35 p.m.

(SEAL)

Bruce Furness, Chair

Dave Koland, Secretary