

The following minutes are in draft form subject to review and approval y the LAWA Board of Directors at its next meeting.

10-117

LAKE AGASSIZ WATER AUTHORITY

BOARD OF DIRECTORS

**Doublewood Inn
Fargo, North Dakota
September 14, 2010**

A meeting of the Lake Agassiz Water Authority (LAWA) was held at the Doublewood Inn of Fargo, North Dakota, on September 14, 2010. The meeting was called to order by Chair Furness at 1 p.m.

MEMBERS PRESENT

Chair Bruce Furness
Director Clark Cronquist
Director Kenneth Evenson
Director Curt Kreun
Director Carol Siegert
Alternate Jerry Blomeke for Vice Chair Keith Burley
Alternate Steve Hansen for Director LaVonne Althoff
Alternate Troy Hall for Director Kelli Poehls
Secretary Dave Koland

MEMBERS ABSENT

Director Rick Bigwood
Director John Drees

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 June 8, 2010, minutes as distributed. Second by Director Kreun. Upon voice vote, motion carried.

CONSIDERATION OF COMMUNICATIONS

None

COMMITTEE REPORTS

None

FINANCIAL REPORT

Dave Koland, Secretary, referred to the LAWA financial statement for the period of January 1 to August 31, 2010, a copy which is attached to these minutes as Annex I.

LAWA's bank balance as of August 31 was \$14,264.

Total income as of August 31 was \$28,236 with expenses of \$164,516.

Motion by Alternate Blomeke to accept the financial statement for the period of January 1, 2010, to August 31, 2010. Second by Alternate Hanson. Upon roll call vote, the following directors voted aye: Cronquist, Evenson, Furness Kreun and Siegert. Alternates voting aye: Blomeke, Hall and Hanson. Those voting nay: none. Absent and not voting: Bigwood and Drees. Motion carried.

Audit Report - - Mr. Koland referred to and reviewed the 2009 LAWA Audit Report, calling attention to page 13, which lists the summary of audit findings. The Preparation of Financial Statements was listed as a Material Weakness. The fact that LAWA does not prepare the financial statement and footnotes leads to this finding. The second finding dealt with the Segregation of Duties and is termed a Significant Deficiency because there is not enough staff to achieve the proper segregation of duties. Both of these items are fairly common in a smaller organization.

Mr. Koland then went through and highlighted the net assets and the income and expense reports.

Mr. Koland reported that this year management prepared a Management Discussion and Analysis for the audit report.

Copies of the 2009 LAWA Audit Report can be obtained by contacting the Garrison Diversion Conservancy District.

Motion by Director Cronquist to accept the 2009 LAWA Audit Report. Second by Director Siegert. Upon roll call vote, the following directors voted aye: Cronquist, Evenson, Furness Kreun and Siegert. Alternates voting aye: Blomeke, Hall and Hanson. Those voting nay: none. Absent and not voting: Bigwood and Drees. Motion carried.

Bills Paid - - Mr. Koland reviewed bills paid since last quarter with the board.

Unpaid Bills - - Mr. Koland referred to and reviewed the bill for \$57,217 from Garrison Diversion for the 10 percent reimbursement of expenditures on the RRVWSP pre-final design phase. This has not been paid since the bank balance is \$14,000.

RED RIVER VALLEY WATER SUPPLY PROJECT UPDATE

David Johnson, District Engineer, Garrison Diversion, referred to the Red River Valley Water Supply Project (RRVWSP) Status Reports dated July 2 and August 11, 2010, included in the meeting packet and reviewed recent project activities. Copies are attached to these minutes as Annex II.

Right-of-Way - - The efforts on right-of-way have been completed at this time.

Permitting and Environmental Services - - All permits have been identified for the RRVWSP and the permit applications are currently being drafted. Final determination for wetlands under jurisdiction of the Corps of Engineers will also be submitted soon.

Operational Plan - - The Operational Plan has been mailed to the work group for written comments.

Preliminary Design - - The alignment has been set, and all geological data has been collected.

Mr. Johnson added that the work plan that was created for LAWA will be completed by the end of the year and should remain within the parameters of the funding that was identified with the State Water Commission. The next step in the process is the Record of Decision and authorization for use of Missouri River water.

UNFINISHED BUSINESS

Value Engineering - - Mr. Johnson gave a presentation illustrating the value engineering recommendations and reviewed them with the board.

Recommendations made referred to alignment, corrosion control, excavation, bedding and backfill, instrument and controls, miscellaneous, overall approach, piping and structures.

Chair Furness questioned since the pre-final design is near completion, is there anything else that that could be done until the ROD is received.

Mr. Johnson said the next step is to do final design.

Funding Outline - - Mr. Koland distributed a memo dated September 13 that he prepared regarding funding needs for the RRVWSP to be used for the 2011 legislative session. A copy of the memo is attached to these minutes as Annex III.

As the legislative session approaches, the ND Water Coalition is going to hold more frequent meetings. Its aim is to go into the legislative session as a united water community. There are some major funding issues in the water community that need to be addressed. They include the RRVWSP, flood control, water supply and Devils Lake.

Mr. Koland stated that the memo recaps what the possibilities are for the RRVWSP. We need to get into a position where if the drought comes, it will not be too late. The Valley has one year of water in reserve behind Baldhill Dam. As we continue to work on this, we look at the maximum optimum timeline. Final design will take at least a year. Three years is the soonest that the project could be built. Optimum size of a construction contract is 20 to 40 miles.

Mr. Koland said he believes what will be proposed during the legislative session is a plan over a number of bienniums to deal with these infrastructure projects.

Mr. Koland referred to the memo and reviewed a breakdown of the funding options for the RRVWSP in the 2011-2013 legislative session, ranging from \$5 million to \$170.2 million. This includes completing final design, exercising right-of-way options, completing the local cost share package, completing borings of road/railroad crossings, completing the discharge facilities and constructing 20 or 40 miles of pipeline.

Chair Furness asked what the cost would be for just the pipeline or Phase I of the project.

Mr. Johnson answered it would cost \$455 million in 2010 dollars for just the pipeline portion. If you escalate that out to 2012, it goes to \$480 million.

Mr. Koland said these numbers will be used to start initial discussions with the Water Coalition in developing a financing plan for the legislative session.

Pat Zavoral, city of Fargo, asked what will the locals be expected to contribute to this budget.

Mr. Koland answered that \$1 million has been included to complete the local cost share funding package. Part of that is to figure out how to structure the local/state share. At this time, we have been asking the state for 90 percent cost share and 10 percent local. There is no structured plan as to how the local share will be raised other than water service contracts and possibly a bond issue.

Additional questions regarding the funding options were addressed by Mr. Koland.

NEW BUSINESS

None

OTHER

Next Meeting - - The possibility of holding the next board meeting in Bismarck in conjunction with the ND Water Users Conference will be looked into.

There being no further business to come before the committee, the meeting adjourned at 2:25 p.m.

(SEAL)

Bruce Furness, Chair

Dave Koland, Secretary