

LAKE AGASSIZ WATER AUTHORITY**BOARD OF DIRECTORS**

**Doubletree
Fargo, North Dakota
January 19, 2018**

A meeting of the Lake Agassiz Water Authority (LAWA) board of directors was held at the Doubletree, Fargo, North Dakota, on January 19, 2018. The meeting was called to order by Chair Mahoney at 11 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Director Rick Bigwood
Director Neil Fandrich
Director John Hancock

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.

AGENDA

Motion by Vice Chairman Vein to approve the agenda as presented. Second by Director Johnson. Upon voice vote, motion carried.

CONSIDERATION OF THE MINUTES

Motion by Director Mehnert-Meland to dispense with a reading of the November 3, 2017, board minutes and approve them as distributed. Second by Director Althoff. Upon voice vote, motion carried.

COMMITTEE REPORTS

None

RED RIVER VALLEY WATER SUPPLY PROJECT (RRVWSP) UPDATE

Central North Dakota Environmental Assessment - - Tami Norgard, Vogel Law, provided an update on the Central North Dakota Environmental Assessment (EA), which is being prepared by the Bureau of Reclamation as a result of Garrison Diversion's request for a water service contract and project pumping power to withdraw up to 20 cubic feet per second (cfs) of water from the McClusky Canal to serve central North Dakota. A second draft of the EA should be available at the end of January for review. It will be published in February with a 15 to 30-day comment period.

Work Plan Update - - Kip Kovar, Deputy Program Manager, RRVWSP Engineering, referred to the RRVWSP Work Plan Update dated January 2 and provided a status report on the approved task orders. A copy of the update is attached to these minutes as Annex II.

Mr. Kovar said work is wrapping up on the RRVWSP Preliminary Design Report (PDR). Comments have been received from the LAWA Technical Advisory Committee on the report, and those comments are currently being addressed. The PDR for design includes a 165 cfs conventional intake on the Missouri River and a 72-inch steel pipeline that discharges water into the Sheyenne River south of Cooperstown. That assumes a water treatment plant near the Missouri River that would use sedimentation and chlorine. The project capital cost is approximately \$934 million. The first several items in the Work Plan Update cover each task order under the PDR section.

Mr. Kovar commented on the final design phase, stating that design work has begun on the 28-mile pipeline segment. Field work is done, and there are a few well monitoring sites ongoing this winter. The sediment transport analysis needs to be completed to get the sovereign lands permit from the state engineer. The river analysis model has been requested from the Corps of Engineers. Coordination is taking place with the land service process.

Task Orders

Upper Sheyenne River Analysis

Mr. Kovar referred to and explained the task order for the feasibility analysis of the Upper Sheyenne River RRVWSP Discharge Location.

The PDR is based on the discharge of RRVWSP water to the Sheyenne River, just north of Lake Ashtabula. The State Engineer has requested that the feasibility, including the costs,

be evaluated for an alternative discharge location about 190 river miles farther north and west of Lake Ashtabula.

This task order will compare the costs of two sets of alternatives. Alternative A is a comparison of the existing RRWSP alignment from the Missouri River to Lake Ashtabula to the alternative of conveying flow from the Missouri River to the Upper Sheyenne River. Alternative B is a comparison of an alignment from McClusky Canal to Lake Ashtabula to the alternative of conveying flow from McClusky Canal to the Upper Sheyenne River.

In order to compare the costs of these alternatives, an evaluation must be done of change in pipeline length due to the proposed alternative discharge location, the change in pipeline pumping requirements, the ability of the Upper Sheyenne River to convey the additional flow, and potential water losses that could occur in the Upper Sheyenne River.

Mr. Kovar reported that the technical memorandum on this task order is currently being drafted.

Mr. Kovar stated that the cost of this task order is \$36,723. LAWA will not be charged the 10 percent cost share. The state funds will be used to cover this task order.

Motion by Director Nilson to approve the Upper Sheyenne River Feasibility Analysis Task Order in the amount of \$36,723. Second by Director Johnson. Upon roll call vote, the following directors voted aye: Althoff, Johnson, Mahoney, Mehnert-Meland, Moen, Nilson and Vein. Alternates voting aye: Kaiser. Directors voting nay: Carlsrud. Absent and not voting: Bigwood, Fandrich and Hancock. Motion carried.

EYIA Statement of Work

Shawn Gaddie, Advanced Engineering (AE2S) Nexus, presented and reviewed the two task orders for the RRWSP funding and financing plan for the 2017-2019 biennium work plan. The financial planning team includes representatives from Garrison Diversion, Ernst and Young Infrastructure Advisors (EYIA), AE2S/Nexus, and Black & Veatch.

EYIA is the municipal advisor and will prepare the overall, large capital financing portion of the financing plan. EYIA's Statement of Work includes the following work items:

1. General project support
2. Financial envelope
3. GDCD contracting structure for project delivery
4. GDCD agreements with State and Local stakeholders
5. Financing options
6. Financial plan development

The cost of this task order is \$508,872.

Black & Veatch Financial Planning

Black & Veatch and AE2S/Nexus will work on the local users' level, using the tiered allocation system. Major tasks are:

1. Project Management and Administration
2. State and Local Funding/Financing Alternative Evaluation Modeling
3. Local User Cost Allocation Modeling Maintenance and Update
4. Project End User Evaluations and Feasibility Reviews
5. Project Financial Plan Summary Document Assistance
6. State and Local Project Participation Agreement Support
7. User and State Outreach Support

The financial plan will ultimately include a recommendation for the best method of funding and financing all elements of the project, including considerations for the most efficient implementation schedule, preferred procurement method, recommended level of cost share, financing structure, and long-term project financial management related to project operations, renewal and reserves.

Motion by Director Johnson to approve: 1) the EYIA Statement of Work in the amount of \$508,872 and 2) the Black & Veatch Financial Planning Task Order in the amount of \$512,175. Second by Director Althoff. Upon roll call vote, the following directors voted aye: Althoff, Carlsrud, Johnson, Mahoney, Mehnert-Meland, Moen, Nilson and Vein. Alternates voting aye: Kaiser. Directors voting nay: none. Absent and not voting: Bigwood, Fandrich and Hancock. Motion carried.

Planning Level Budget

2015-2017

Cindy Hewitt, Accounting Specialist, Garrison Diversion, referred to the planning level budget dated December 31, 2017, reporting that \$5 million has been expended on Conceptual Engineering, \$6.97 million on Preliminary Engineering and \$1.3 million on Administrative, Legal and Financial. This brings the total spent through December to \$13.3 million. The current total cost estimate is \$13.8 million. A copy of the budget is attached to these minutes as Annex III.

2017-2019

Ms. Hewitt next referred to the 2017-2019 planning level budget, which shows \$945,870 has been expended through December on Preliminary Design; \$213,824 on Final Design, and \$139,800 on Financial, Administration, Legal. Of a total \$19.5 million budget, \$1.3 million has been expended. A copy of the 2017-2019 budget is attached to these minutes as Annex IV.

BHFS PROPOSAL & FEE AGREEMENT

Vice Chair Vein referred to the proposal and fee agreement received from Brownstein Hyatt Farber Schreck (BHFS), who is the national legal counsel that has been working for Garrison Diversion and on the RRWSP for over a year. Copies of the proposal and fee agreement are attached to these minutes as Annex V.

Ms. Norgard explained that the firm was hired originally by Garrison Diversion as the national legal counsel to help assure that the state project would not trigger a full Environmental Impact Statement (EIS). At that time, a special price of \$3,500 per month was negotiated for consulting services.

Moving forward with the RRWSP, the BHFS contract needs to be renewed. They had requested the consulting contract be renegotiated at the typical fee charged to their municipal clients, which is \$10,000 per month. A negotiation was made to gradually increase the fee, starting in February at \$7,000 per month for one year. Following that, the fee will increase to \$10,000 month.

Ms. Norgard added that Garrison Diversion has other issues that BHFS has assisted them with, including irrigation issues at the federal level; however, the RRWSP has been the main topic of the consulting efforts to date. Garrison Diversion is looking to start paying \$7,000 per month in February and has asked LAWA to split the cost at \$3,500 each.

Vice Chair Vein stated that conference calls are held bi-weekly with BHFS to discuss what is happening in Congress that impacts Garrison Diversion and the RRWSP. A majority of the discussion revolves around the RRWSP. In addition, Ms. Norgard and Garrison Diversion staff have other conversations with them. He feels that they are providing great service with many benefits to date.

Secretary Duane DeKrey said BHFS is very plugged into the Washington, DC, scene, and he feels it is money very well spent.

Motion by Director Johnson to approve the proposal for Washington, DC, consulting services and the proposed rate compensation schedule with Brownstein Hyatt Farber Schreck. Second by Vice Chair Vein. Upon roll call vote, the following directors voted aye: Althoff, Carlsrud, Johnson, Mahoney, Mehnert-Meland, Moen, Nilson and Vein. Alternates voting aye: Kaiser. Directors voting nay: none. Absent and not voting: Bigwood, Fandrich and Hancock. Motion carried.

FINANCIAL REPORT

2017 Budget Analysis Statement - - Ms. Hewitt referred to and reviewed the Budget Analysis Statement for the period of January 1, 2017, to December 31, 2017, a copy which is attached to these minutes as Annex VI.

Total income through December 31, 2017, is \$1,210,422. Expenses are \$814,398. The total bank balance at the end of December is \$709,274.

Motion by Director Nilson to approve the Budget Analysis Statement for the period of January 1, 2017, through December 31, 2017. Second by Director Mehnert-Meland. Upon roll call vote, the following directors voted aye: Althoff, Carlsrud, Johnson,

Mahoney, Mehnert-Meland, Moen, Nilson and Vein. Alternates voting aye: Kaiser. Directors voting nay: none. Absent and not voting: Bigwood, Fandrich and Hancock. Motion carried.

Bills Paid - - Garrison Diversion was recently paid \$213,024 for LAWA's 10% cost share of expenditures.

Summary of Dues and Cost Share Payments - - Ms. Hewitt referred to the table showing membership dues and cost share payments received. Dues collected in 2017 total \$33,050. Cost share payments submitted in 2017 are \$1,177,294.

2018 Membership Dues - - Ms. Hewitt referred to the draft letter prepared to go out with the statement for 2018 LAWA membership dues. She asked for approval to mail out the letter and statement billing members for the 2018 dues.

Motion by Director Mehnert-Meland to approve the 2018 LAWA dues letter and statement. Second by Director Carlsrud. Upon roll call vote, the following directors voted aye: Althoff, Carlsrud, Johnson, Mahoney, Mehnert-Meland, Moen, Nilson and Vein. Alternates voting aye: Kaiser. Directors voting nay: none. Absent and not voting: Bigwood, Fandrich and Hancock. Motion carried.

2018 Work Plan - - Mr. Kovar referred to and reviewed the 2018 Draft LAWA Work Plan, a copy which is attached to these minutes as Annex VII.

Chair Mahoney asked if the work plan meets the timeframe which the state legislature has given us.

Mr. Kovar replied that there are several contingency items in the legislation that must be completed before the construction dollars can be accessed, but as of now, everything is on track.

Motion by Director Althoff to approve the Draft 2018 LAWA Work Plan. Second by Director Nilson. Upon roll call vote, the following directors voted aye: Althoff, Carlsrud, Johnson, Mahoney, Mehnert-Meland, Moen, Nilson and Vein. Alternates voting aye: Kaiser. Directors voting nay: none. Absent and not voting: Bigwood, Fandrich and Hancock. Motion carried.

2018 Budget - - Ms. Hewitt presented the 2018 LAWA Budget and reviewed it with the board, a copy which is attached to these minutes as Annex VIII.

Projected income for 2018 is \$118,050 with expenses projected at \$71,396.

Motion by Director Mehnert-Meland to approve the proposed 2018 LAWA budget. Second by Director Althoff. Upon roll call vote, the following directors voted aye: Althoff, Carlsrud, Johnson, Mahoney, Mehnert-Meland, Moen, Nilson and Vein.

Alternates voting aye: Kaiser. Directors voting nay: none. Absent and not voting: Bigwood, Fandrich and Hancock. Motion carried.

UNFINISHED BUSINESS

LAWA Bylaws - - Ms. Norgard provided a second reading of the amendments to the LAWA Bylaws, which were reviewed in detail during the first reading at LAWA's November board meeting. She summarized the items that were addressed at that time. A copy of the final bylaws are attached to these minutes as Annex IX.

Ms. Norgard stated in order for the changes to be approved, two-thirds of the directors must vote in favor of the changes. Associate members and alternates cannot vote on the bylaws.

A proxy was received from Director Bigwood authorizing Chair Mahoney to vote on the bylaw changes on his behalf.

Motion by Director Johnson to approve the proposed changes to the LAWA Bylaws. Second by Director Carlsrud. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Carlsrud, Johnson, Mahoney, Mehnert-Meland, Moen, Nilson and Vein. Directors voting nay: none. Absent and not voting: Fandrich, Hancock and Keller. Motion carried.

Contract Development/MOU - - Ms. Norgard stated that there are a series of contracts that need to be developed in the next 12-18 months. A Memorandum of Understanding (MOU) between LAWA and Garrison Diversion will be prepared to codify operations to date in terms of decision making and the intention to work together dealing with cost share funding, etc. There will be a small subcommittee put together to review the MOU similar to what was done for the Development Agreement before distributing them to the board. Work is being done on the Project Participation Agreement, which will be the agreement between the stakeholders and LAWA committing to pay a certain amount for capacity. Work is also taking place on a Water Supply Agreement between LAWA and the users in terms of nominations and payment methods. Then there will be a separate contract between LAWA and Garrison Diversion identifying cost issues for the actual project construction, as well as a bulk water supply agreement.

Cost Share Options - - Steve Burian, AE2S, addressed the board regarding cost share options, stating that Garrison Diversion was awarded approximately \$12.3 million in the 2015-2017 biennium as a grant through the State Water Commission budget for the RRWSP. It had been a precedent over the years that this money was provided as a 90 percent match through a historical MOU. Although it wasn't required of LAWA during the 2015-2017 biennium, this board elected to provide a voluntary 10 percent match. Moving into the 2017-2019 biennium, \$30 million in funding was received from the State Water Commission budget. There were extensive discussions during the legislative session as to what, if any, the appropriate cost share should be for the project in the future. In the end, the legislation passed without being real specific on how to do cost share, but it was felt by some there was an implied sense that LAWA would at least provide the 10 percent match. It was also understood that some within the legislature felt there would not be a cost share required this biennium. The subject came up at the Water Topics Overview Committee meeting, and Chairman Schmidt made it clear, from his standpoint, that some type of cost share would be appropriate. In parallel with this, the financial team was asked to come up

with possible options. If using the 10 percent match, LAWA would need to provide \$3.3 million. Last biennium, the total 10 percent match was \$1.4 million.

Mr. Burian said even though a cost share of \$3.3 million on a project of this magnitude may seem reasonable, the practicality of it is pretty difficult. Work was done on a draft MOU looking at five different alternatives. The last alternative was deferring the cost share, which Chairman Schmidt indicated would be acceptable. This essentially says that LAWA would make a 10 percent match, but because the 10 percent was not easy to secure in this biennium, we would ask that it be added to the local, long-term financing strategy put together for the project.

The intent of the board is to continue the 90-10 percent match this biennium, which would be a \$3.3 million obligation for LAWA, but instead of trying to secure that funding and adding it to the work plan this biennium, we would have a \$30 million work plan this biennium, and the \$3.3 million of local cost share would be added to the long-term financing strategy and, ultimately, distributed among the membership for repayment.

Senator Lee stated when Garrison Diversion came to the legislature, their presentation was for a 90-10 percent cost share on the dollars being requested. The legislature decided to offer a \$30 million grant. It was his understanding it would be a grant, but, subsequently, there was discussion that there was interest in the 10 percent cost share being available. He believes the conclusion to delay the investment of the 10 percent is a wise choice.

Vice Chair Vein added it would be nice, now that it is at 90-10, if we could continue that throughout the remainder of the project. This is a good starting point.

NEW BUSINESS

Logo Concept - - Mr. Kovar referred to a copy of the new logo created for the RRWSP and explained its meaning. If the committee likes the logo, we will proceed with this concept.

OTHER

There being no further business to come before the board, the meeting adjourned at 12:10 p.m.

Timothy Mahoney, Chair

Duane DeKrey, Secretary

RRVWSP Work Plan Update January 2, 2018

Goal

Spring 2016	Completed Conceptual Design and Cost Estimate
Summer 2017	Complete Preliminary Design and Cost Estimate for pipeline and pump station(s)
2017 - 2018	Complete Phased Final Design and Cost Estimates
2019 - 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 for the 2015-2017 biennium. The conceptual design phase has been completed; therefore, no further updates will be included in this report. The ND legislature appropriated \$30 million for the RRVWSP for the 2017-2019 biennium.

Preliminary Design

The conceptual design is complete and was released in September 2016. Preliminary design is underway, and 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 \$2,800,000.

Status – Additional land access agreements and field services were required due to rerouting in some areas. Field services are complete. The first draft of the pipe profile has been completed. Air and vacuum protection, manways and blowoffs have been placed. Work is complete.

2) Missouri River Conventional Intake/USACE Permit – The Implementation Plan identified using a conventional intake near Washburn as a viable option for the RRVWSP. Conventional intake plans and drawings will be generated and submitted to the US Army Corps of Engineers (USACE) 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 – Field work is complete, and draft intake drawings have been prepared for submittal to the USACE. The intake application was received by the USACE March 13, 2017. A preconstruction notification meeting was held May 3. The USACE letter received July 19, 2017, stated Section 408 is not applicable. USACE letter received July 31 requested a Biological Assessment (BA) associated with the intake be completed. Draft

BA was submitted October 11, 2017. The USACE requested informal consultation with USFWS.

3) 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 – Additional land access agreements and field services were required due to rerouting in some areas. Field services are complete. The first draft of the pipe profile has been completed. Air and vacuum protection, manways and blowoffs have been placed. Work is complete.

4) 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 – Additional land access agreements and field services were required due to rerouting in some areas. Field services are complete. The first draft of the pipe profile has been completed. Air and vacuum protection, manways and blowoffs have been placed. Work is complete.

5) 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, GDCCD, 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 continues to be uploaded to the site. The site was activated September 9, 2016. Work is complete.

6) Main Pumping Station, Pre-Treatment, Break Tank, Control Valve Structure, Hydraulics and Transient – Preliminary Engineering – The RRWSP conceptual design identified a number of alternatives for delivering Missouri River water to eastern and central North Dakota. Alternatives included various water sources, river intake facilities, pumping stations, water treatment plant locations, conveyance pipeline, and discharge locations. In general, work associated with this task order includes preliminary engineering design for the associated project elements identified below; site selection; optimization of the conceptual level design for the hydraulics and preliminary transient analysis; coordination of work associated with field services; and update opinion of probable construction costs for the project elements: Main pumping station, Pre-treatment, Break tank, and RRV control valve structure. The following assumptions were made: project capacity flow rate 165 cfs, water treatment plant location is Washburn, and discharge location would be Baldhill Creek. Estimated cost is \$997,267.

Status – Preliminary site selection for pre-sedimentation basin, water treatment plant, main pump station, hydraulic break tank, and control valve structure is nearly complete. Hydraulic analysis and facility layouts are complete.

7) Aerial Photography and LiDAR Services – To facilitate preliminary design, base mapping in the form of digital ortho-photographs, surface model, and plan features is needed for the pipeline corridor, approximately 162 miles in length. The most efficient method by which to obtain this large amount of data is through aerial photography and light imaging, detection, and ranging (LiDAR), supplemented by ground surveys. Estimated cost is \$259,984.

Status – The pipeline corridor has been flown, and data has been processed. Aerial photography and iLDAR products are being used for preliminary design.

8) StateMod Water Supply Model – GDCD has recently updated user demands and has obtained preliminary nominations from 35 cities and rural water systems across central and eastern North Dakota totaling 159.24 cfs. With these updated demands, an updated design basis is needed to support the sizing of the RRWSP pipeline. The Bureau of Reclamation (BOR) used the StateMod water supply model to support the original RRWSP during the EIS. The StateMod model is complex, using hundreds of diversions across eastern ND and western MN with different withdrawal points and water right priorities. This task order will develop a design basis to support the RRWSP pipeline sizing, review existing StateMod files, regenerate a current understanding of how the model was constructed, and run the model so that the 2008 FEIS results can be duplicated. Estimated cost is \$103,100.

Status – StateMod files from BOR have been received. The model is running, and the original 2010 preferred alternative is being regenerated for calibration. A workshop was held May 26 to review model operation, assumptions and future recommendations. The 2016 user demands/nominations have been uploaded to the model, and return flows are being reviewed.

9) Pipeline Extensions – To date, the layout and estimated cost of transmission pipelines to provide water to the users without existing river access has not been developed. The purpose of this Task Order is to develop a conceptual plan and associated estimated costs for these users to access the Project. The plan is expected to include turnouts on the core pipeline for future connections, the extension of the core pipeline with smaller diameter pipelines into the additional service areas, and additional pump stations to convey the flow. Estimated cost is \$627,333.

Status – The first round of pipeline extension routes has been generated. User needs are being compared with pipeline sizing for each route. Coordination meetings were held with potential users. Comments on pipe size and routing scenarios were received. Extension routes were revised, and cost estimates were provided.

10) Discharge Design – This task order is for a permit level design for the discharge structure, including energy dissipation structure to reduce the energy in water as it exits the pipeline near the receiving water body and the concrete apron to convey the water into the receiving water body. Estimated cost is \$300,000.

Status – Potential Sheyenne River discharge sites were reviewed at the recommendation of the LAWA Technical Advisory Committee. A site has been selected, and field data is being processed. ND Department of Health has indicated they will most

likely require a ND Pollution Discharge Elimination System permit for the project. Preliminary work started on what the water treatment plant would be to achieve the permit. USACE indicated they have flowage easements for the potential discharge site and may have to be reviewed for 408 permission. Currently, a secondary site is being developed approximately 1,000 feet away to avoid 408 permission.

11) Pipeline Amendment #1 - Preliminary design amendment #1 was required because of alignment changes: changing the discharge site from Baldhill Creek to the Sheyenne River, moving portions of the pipeline closer to roadways and section lines, and avoiding FWS easement boundaries. Amendment work will 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 \$920,648.

12) Discharge Amendment #1 - This task order amendment is to include new work required to obtain a North Dakota Pollutant Discharge Elimination System (NDPDES) permit to discharge water to the Sheyenne River, including coordination with the NDDOH. Estimated cost is \$317,000.

13) StateMod Amendment #1 – This amendment will include modifying the original model data, return flows and data input files, as well as run the new scenarios. Modifications were needed to run the model because of the limited documentation from the BOR. Estimated cost is \$111,736. The 2016 user demands/nominations and return flows have been uploaded to the model.

Final Design

The draft preliminary design is almost complete and was released early October 2017. Moving forward with limited funds, it is cost effective to start project phasing. Priority items to move forward first with final design and construction are discharge structure, trenchless crossings and portions of the intake.

1) Pipeline segment 28 miles – This task order will begin final design on a portion of the RRWSP and is the first of several pipeline design task orders that will be executed to complete the project. Given the current level of state and local funding allocated for the project's design and construction, the length of the initial segment selected for final design and preparation of construction contract documents is approximately 28 miles. The general location of the 28-mile pipeline segment is in Foster and Wells Counties. The alignment and limits of the pipeline being designed under this task order are identified on the RRWSP route overview map. This task order will deliver bid ready documents for this 28-mile segment. Estimated cost is \$3,840,000.

Status – The engineering team held a kickoff meeting November 8 starting the final design. The team was in the field reviewing alignment and working with the geotechnical boring team.

2) Geotechnical – This task order will allow engineers to drill supplemental borings along the Preliminary Design Report (PDR) pipeline alignment and discharge site and to complete laboratory testing of soil samples collected. These supplemental borings are necessary to characterize subsurface soil conditions not covered by the 2008 investigation. Relevant existing soils data from the 2008 investigation will be used to the maximum extent practical to support activities. Estimated cost is \$544,000.

Status – Letters to landowners informing them of the upcoming geotechnical work were sent October 17, 2017. Work started October 30, 2017. All borings were complete. The soil resistivity tests are ongoing.

3) Sediment Transport Analysis – This task order will provide information as requested by the North Dakota State Water Commission (SWC) to evaluate the Sovereign Lands Permit for the Missouri River intake, as well as support the overall design of the intake screens. Estimated cost is \$396,000.

4) Trenchless Crossings – This task order is for final design of tunneled or trenchless crossings in the first 28-mile section of pipeline selected for final design. The general outcome of this task order will be the preparation of construction contract documents. Estimated cost is \$452,000.

5) Discharge Site Structure – This task order is for final design of the discharge structure. The general outcome of this task order will be the preparation of construction contract documents. Estimated cost is \$508,000.

6) Land Services – This task order is for survey support services, easement and option acquisition for RRWSP parcels. The RRWSP pipeline is separated into segment 1, 2a and 2b, 3 and 4. Authorization has been approved to move forward with only segment 1. Estimated cost for segment 1 is \$556,446.

Financial

1) Financial Modeling/Cost Allocation – Financial costs to the local users of the RRWSP under various funding methods, 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 cost allocation model was refined to include a tiered allocation structure, which considers how project users will benefit from the project by assessing water supply needs, as well as access to project water. Feasibility and ability to pay studies are being conducted for roughly 10 systems - both large and small systems. This work is in conjunction with the work being completed by Ernst & Young Infrastructure Advisors (EYIA).

2) Municipal Advisor – EYIA was selected through an RFP process to provide municipal advisory services for the RRWSP. In addition, Springsted will be retained on an as-needed basis for the issuance of bonds and related efforts. These firms have a fiduciary responsibility to GDCD. Estimated cost is \$374,835.

Status – EYIA is refining a financial model using capital spend rates based on different financing scenarios and construction periods. The financial modeling includes quantified market risks, costs associated with continued project operations, maintenance and renewal for project long-term and recurring replacement assets. EYIA's work is jointly occurring and being incorporated into modeling being completed by AE2S and Black & Veatch. The models are reviewed by the LAWA Financial Advisory Committee.

Program

1) Program Management – The overall RRWSP is expected to spend \$30 million in the 2017-2019 biennium and potentially \$180 million or more the next biennium. The objective of this task order will support the development and maintenance of a variety of program management support tools to help successfully execute the project. The tools and processes are expected to be developed and implemented during this biennium and be ready to support a significantly increased program size in the following biennium. Estimated cost is \$491,000.

Red River Valley Water Supply Project Planning Level Budget December 31, 2017						
			July 2015 through December 2017			
		% Complete	Current Estimate	Actual July 2015 - Dec 2017	Estimated Outstanding Expenses	
Conceptual Engineering (July 2015 - June 2016)						
Missouri River Intake Investigation		100%	\$ 1,141,058	\$ 1,141,058	\$ -	
Horizontal Collector Well		100%	\$ 400,564	\$ 400,564	\$ -	
Hydraulic and Pump System		100%	\$ 478,455	\$ 478,455	\$ -	
Pipeline Alignment		100%	\$ 958,000	\$ 958,000	\$ -	
Discharge System (Baldhill Creek)		100%	\$ 798,256	\$ 798,256	\$ -	
Land Services		100%	\$ 469,980	\$ 469,045	\$ 935	
Needs Assessment		100%	\$ 149,863	\$ 149,863	\$ -	
Water Treatment Plant Analysis		100%	\$ 435,774	\$ 435,774	\$ -	
Implementation Plan		90%	\$ 190,000	\$ 171,111	\$ 18,889	
Sub-Total		100%	\$ 5,021,950	\$ 5,002,126	\$ 19,824	
Preliminary Engineering (July 2016 - June 2017)						
Needs Assessment - amendment #1 & 2		100%	\$ 294,604	\$ 294,604	\$ -	
Missouri River Conventional Intake Design		99%	\$ 999,578	\$ 987,590	\$ 11,988	
Pipeline Alignment McClusky to Split & Land Services (ROE)		100%	\$ 2,515,425	\$ 2,515,425	\$ -	
Pipeline Alignment Washburn-McClusky & Land Services (ROE)		100%	\$ 593,683	\$ 592,433	\$ 1,250	
Pipeline from Split to Baldhill Creek (RRV) Land Services (ROE)		100%	\$ 574,783	\$ 574,726	\$ 57	
Baldhill Creek Analysis Phase II		On Hold				
Land Services (Aerial)		100%	\$ 259,984	\$ 259,694	\$ 290	
Main Pump Station and Break Tank		84%	\$ 997,267	\$ 833,295	\$ 163,972	
StateMod		100%	\$ 103,100	\$ 103,100	\$ -	
Pipeline Extensions		81%	\$ 627,333	\$ 511,024	\$ 116,309	
McClusky Canal Intake		On Hold				
Discharge Design (Shyenne/Baldhill)		100%	\$ 300,000	\$ 300,000	\$ -	
Water Treatment Plant, does not include pilot		On Hold				
Sub-Total		96%	\$ 7,265,757	\$ 6,971,891	\$ 293,866	
Administration, Legal and Financial						
Administration (cost & schedule, communications, LAWA)						
Legal		83%	\$ 240,208	\$ 163,771	\$ 76,437	
Financial Modeling		84%	\$ 375,000	\$ 311,362	\$ 63,638	
Municipal Advisor		100%	\$ 413,800	\$ 347,224	\$ 66,576	
Workflow Manager		90%	\$ 374,835	\$ 374,835	\$ -	
Sub-Total		86%	\$ 150,000	\$ 135,421	\$ 14,579	
Total		96%	\$ 1,553,843	\$ 1,332,613	\$ 221,230	
90% State Cost Share			\$ 13,841,550	\$ 13,306,630	\$ 534,920	
10% LAWA Cost Share			\$ 12,457,395	\$ 11,975,967	\$ 481,428	
			\$ 1,384,155	\$ 1,330,663	\$ 53,492	

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

Red River Valley Water Supply Project
2017-2019 Planning Level Budget

Work Task	Percent Complete	Total Amount	Amount Spent to December 2017	Remaining Amount
Preliminary Design				
Pipeline Amendment #1	72%	\$ 920,648	\$ 664,979	\$ 255,669
Discharge Amendment #1	54%	\$ 317,000	\$ 171,208	\$ 145,792
StateMod Amendment #1	98%	\$ 111,736	\$ 109,683	\$ 2,053
Subtotal	70%	\$ 1,349,384	\$ 945,870	\$ 403,514
Final Design				
Pipeline Final Design - 28 miles	4%	\$ 3,840,000	\$ 157,527	\$ 3,682,473
Trenchless Final Design	0%	\$ 452,000	\$ -	\$ 452,000
Discharge Final Design	0%	\$ 508,000	\$ -	\$ 508,000
<i>Intake Final Design</i>	<i>Upcoming</i>	<i>\$ 2,000,000</i>	<i>\$ -</i>	<i>\$ 2,000,000</i>
Land Services	0%	\$ 556,446	\$ -	\$ 556,446
Geotechnical	10%	\$ 544,000	\$ 56,297	\$ 487,703
Sediment Transport	0%	\$ 396,000	\$ -	\$ 396,000
<i>Trenchless Construction Phase Services</i>	<i>Upcoming</i>	<i>\$ 500,000</i>	<i>\$ -</i>	<i>\$ 500,000</i>
<i>Discharge Construction Phase Services</i>	<i>Upcoming</i>	<i>\$ 500,000</i>	<i>\$ -</i>	<i>\$ 500,000</i>
<i>Intake Construction Phase Services</i>	<i>Upcoming</i>	<i>\$ 500,000</i>	<i>\$ -</i>	<i>\$ 500,000</i>
Subtotal	2%	\$ 9,796,446	\$ 213,824	\$ 9,582,622
Easements & Options				
<i>Exercise Existing Options</i>	<i>Upcoming</i>	<i>\$ 4,192,035</i>	<i>\$ -</i>	<i>\$ 4,192,035</i>
<i>Acquire New Options & Easements</i>	<i>Upcoming</i>	<i>\$ 857,985</i>	<i>\$ -</i>	<i>\$ 857,985</i>
Subtotal	0%	\$ 5,050,020	\$ -	\$ 5,050,020
Financial, Administration, Legal, Etc.				
Financial Modeling/Cost Allocation	3%	\$ 1,021,047	\$ 28,028	\$ 993,019
Program Management Set Up	23%	\$ 491,000	\$ 111,772	\$ 379,228
Administration (communications, LAWA)	0%	\$ 800,000	\$ -	\$ 800,000
<i>Systems Outreach/Signups</i>	<i>Upcoming</i>	<i>\$ 550,000</i>	<i>\$ -</i>	<i>\$ 550,000</i>
Legal	0%	\$ 500,000	\$ -	\$ 500,000
Subtotal	4%	\$ 3,362,047	\$ 139,800	\$ 3,222,247
Design, Easement & Administration Subtotal	7%	\$ 19,557,897	\$ 1,299,494	\$ 13,208,383
Construction				
<i>Pipeline Trenchless Construction</i>	<i>Upcoming</i>	<i>\$ 7,000,000</i>	<i>\$ -</i>	<i>\$ 7,000,000</i>
<i>Discharge Construction</i>	<i>Upcoming</i>	<i>\$ 2,000,000</i>	<i>\$ -</i>	<i>\$ 2,000,000</i>
<i>Intake Construction</i>	<i>Upcoming</i>	<i>\$ 4,000,000</i>	<i>\$ -</i>	<i>\$ 4,000,000</i>
Construction Subtotal	0%	\$ 13,000,000	\$ -	\$ 13,000,000
Total	4%	\$ 32,557,897	\$ 1,299,494	\$ 26,208,383

December 20, 2017

Lawrence Jensen
Shareholder
202.296.7353 tel
LJensen@bhfs.com

Merri Mooridian
Administrative Officer/Deputy Program Manager RRVWSP for Administration
Garrison Diversion Conservancy District
PO Box 140
Carrington, ND 58421

RE: Brownstein Government Relations Services

Dear Merri:

Brownstein Hyatt Farber Schreck, LLP (BHFS), has very much enjoyed providing legal expertise and government relations services to Garrison Diversion Conservancy District's (Garrison). However, over the last year, circumstances have changed significantly which affects the strategy required to get the Red River Valley Water Supply Project (RRVWSP) approved and built. The change in administration requires an increased focus on federal government relations rather than a strategy built on legal efforts.

Due to these changing circumstances, BHFS has often found itself exceeding the expected time and scope of work outlined in the previous government relations agreement. Moving forward we would like to expand the scope of government relations agreement to better quantify the work being done and advice being provided to Garrison. We would expect that the increased scope of government relations work would come with a corresponding decrease in legal work. Below you will see an expanded scope of services and an expanded team at BHFS who would provide these government relation services. Also, attached you will find a fee agreement that memorializes the scope of services. If the Garrison board finds the scope and fees acceptable please sign the fee agreement and return it.

Scope of Services

a. Identifying, Strengthening, and Expanding Relationships in Congress

BHFS has established deep relationships in both chambers of Congress and on both sides of the aisle. Our bipartisan, bicameral reach enables Garrison to access our diverse network to address matters of importance. Our relationships extend from Members of Congress personally, to their chiefs of staff, and to substantive staffers working on Garrison's issues of interest. We also maintain strong ties with the U.S. House and Senate leadership and committee chairs. Our connections include, but are not limited to, members and staff of the Senate Energy and Natural Resources Committee, the Senate Environment and Public Works Committee, and the House Natural Resources Committee. In addition, our firm has close ties to the North Dakota

1155 F Street, NW, Suite 1200
Washington, DC 20004
main 202.296.7353

delegation. We have personal relationships with Senators Heidi Heitkamp (D-ND) and John Hoeven (R-ND) and with the staff in both of their offices, as well as Representative Kevin Cramer (R-ND) and his staff.

Our ability to quickly and regularly access this broad, bipartisan network of leaders in Washington not only ensures we have consistent, real-time access to information, but also enables us to connect Garrison directly with these leaders.

b. Advocating for the RRVWSP with the Administration

Our team has extensive experience with various agencies throughout the Administration, including the Bureau of Reclamation, Bureau of Indian Affairs, the Department of the Interior, the Corps of Engineers, and EPA. Our firm has professionals who have held leadership positions at the Department of the Interior and the EPA and have helped various clients successfully navigate complex agency interactions. Many of the decision makers in the agencies are former co-workers and colleagues. These relationships are going to be vital to approval and completion of the RRVWSP.

For Garrison, we would access this network to schedule meetings for you on Capitol Hill and in the Administration when you visit Washington and most importantly advocate for the Administration to make decisions in a timely and favorable manner.

c. Legislative and Administrative Research and Monitoring

At BHFS, we take a multipronged approach to regulatory and legislative awareness. As our client, you can expect to be fully aware of any and all activity in Washington that could impact your operations. Below, we have identified the relevant research and monitoring efforts we would take on your behalf.

- Legislative tracking: We would identify and monitor legislative trends in Congress that are important to Garrison and provide you with analysis and recommendations on actions to take. This would allow you to leverage, participate, or weigh in on legislative opportunities as they develop.
- Hearing coverage: We pay close attention to potential congressional hearings topics and are often the first to know about upcoming hearings. We would inform you of updates to the hearing schedule and provide you with coverage from hearings that pertain to your issues. After relevant hearings, you would be provided with a detailed hearing summary that outlines the discussion between members and witnesses, topics covered, and an analysis that is individually crafted to your interests. In addition, we can provide live updates if the information is time-sensitive.
- Administrative tracking: We would identify and follow administrative rulemaking of importance to you. To ensure you have the most current information, we would monitor the Federal Register daily, track the Administration's regulatory agenda, and engage in conversation with our contacts in the Administration. We would

also provide an assessment of how the potential or proposed action would impact your operations.

- Updates and reporting: We would be attentive to discussion around Capitol Hill and from the executive branch that is of interest to Garrison, and we would relay this information to you. We pride ourselves on the timeliness of our intelligence and thorough analysis to ensure you would be well informed at all times.

d. Strategic Tribal Relations Guidance

Our team at BHFS has significant experience working with tribal governments across the country. Most specifically, Ryan Smith and Larry Jensen have worked on numerous tribal water settlements so they understand the difficulty of successfully negotiating the difficult issue of water rights. They have also worked on challenging legal issues with the Bureau of Indian Affairs. With this experience BHFS would provide strategic guidance to Garrison to help navigate the tribal hurdles surrounding the RRWSP.

e. Communication

We suggest continuing the biweekly phone call schedule to ensure that we are working to keep you informed of any relevant information in Washington. On the phone calls, we would update you on the congressional schedule, upcoming hearings, developments in the Administration, Congressional and Administrative advocacy efforts as well as listen to new concerns from you. Additionally, we would provide time-sensitive notification via email or by phone of updates that may be pertinent to Garrison's interests as they occur.

Another key part of our service to our clients is written documents. We often provide written analysis of legislative proposals, summaries of key congressional hearings or third party events, memos on evolving issues, briefing materials on upcoming trips or meetings, and background pieces on emerging challenges or opportunities. At BHFS, our goal is to provide the information you need in the format that is most helpful to you.

The Team

We have identified the team members who would be central to your particular efforts: Larry Jensen, Ryan Smith, Bill McGrath, Luke Johnson, and Emily Sullivan. This team has extensive experience working in senior positions in Congress as well various agencies throughout the Administration, including the Department of the Interior and the Bureau of Reclamation. Additionally, Larry and Ryan have extensive experience on tribal water issues. Together, the team would bring its expertise and contacts to help advance your priorities in Washington. In addition, everyone in our firm would be apprised of your issues and could be called upon for additional outreach, substantive expertise, or access to particular offices.

Larry Jensen, Shareholder, served for 18 years in top legal and policy positions at the U.S. Department of the Interior and the U.S. Environmental Protection Agency. Larry is well known for his extensive experience advising clients about the complex public land, Indian trust land, and environmental law issues associated with the development of energy, water and other natural

resources. At Interior, Larry served at various times as the chief legal counsel to the Bureaus of Land Management, Reclamation, and Indian Affairs, and to the Minerals Management Service. He also served for three years as the Deputy Solicitor, with responsibility for overseeing the work of 250 Departmental attorneys. At EPA, Larry served as General Counsel, with responsibility for all of the Agency's legal issues, and as Assistant Administrator for Water, with responsibility for implementing the nation's Clean Water Act and Safe Drinking Water Act programs.

Ryan Smith, Shareholder, focuses on western water, natural resources, the Endangered Species Act, Indian law, and government relations. Before joining BHFS, Ryan served as a senior legislative advisor to former Senate Minority Whip Jon Kyl (R-AZ) and Deputy Counsel for the Arizona Department of Water Resources. In government and in private practice, Ryan has been instrumental in the development of federal legislation relating to western natural resources and Indian tribes, successfully ushering through Congress several significant pieces of legislation concerning Indian water settlements, the Colorado River, water management and federal funding for Indian Country. As a former senior legislative staffer, he has extensive experience dealing with the Department of the Interior, the Army Corps of Engineers, and the Department of Agriculture on legislative and other federal issues.

Bill McGrath, Shareholder, served as the staff director for the Interior, Energy and Environment Subcommittee of the House Oversight and Government Reform Committee. While serving as staff director, Bill worked extensively on legislation to improve the concessions process within the U.S. Department of the Interior and the U.S. Forest Service. There, he also worked on some of the country's most high-profile natural resources issues: he served as the lead investigator into the Flint water crisis, spearheaded the Committee's investigation into the KeystoneXL pipeline and exposed the flawed rulemaking process underpinning the Clean Water Rule. Bill also worked extensively with the Forest Service, Department of Interior, Environmental Protection Agency, and U.S. Army Corp of Engineers on energy and environmental issues.

Luke Johnson, Policy Director, has an extensive background in legislative and regulatory strategy and planning, which enables him to provide sophisticated analysis of energy, natural resources, and environmental issues. Luke utilizes his background as a trade association leader and government affairs consultant, along with his senior level experience at the Department of the Interior's Bureau of Land Management (BLM), the U.S. Senate, and the U.S. House Natural Resources Committee to assist industry clients. He was the former Deputy Director of Policy and Programs at BLM and served as the Chief of Staff to the BLM Director. Luke has also worked at the Bureau of Reclamation as the Chief of Congressional and Legislative Affairs. During his tenure at BLM, Luke played an instrumental role in the implementation of numerous provisions of the Energy Policy Act of 2005.

Emily Sullivan, Associate and Policy Advisor, focused on energy and environmental issues. Prior to joining the firm, Emily worked on Capitol Hill for more than three years as staff to members of both the U.S. House and U.S. Senate, including as a legislative correspondent to Senate Minority Whip Dick Durbin (D-IL) while he was a member of the majority party leadership. She has also worked as a legal counsel intern for the Illinois Environmental Protection Agency, as a legislative research intern for the Illinois Corn Growers Association, and during law school, she worked as a law clerk for the Eighth Judicial Circuit Court of Illinois.

Proposed Rate of Compensation

For the scope of services outlined above, we propose a monthly fee of \$7,000, plus our administrative fee of 2.5 percent from February 1, 2018, through January 31, 2019, and a monthly fee of \$10,000, plus our administrative fee of 2.5 percent for February 1, 2019, through January 31, 2020. A fee agreement establishing all necessary terms and conditions is attached for your consideration.

Conclusion

Thank you in advance for your consideration. We look forward to the opportunity to further assist you. If you have any questions or require additional information, please do not hesitate to contact me directly.

Sincerely,

Larry Jensen

Lawrence Jensen
Shareholder
202.296.7353 tel
LJensen@bhfs.com

December 20, 2017

Duane DeKrey
General Manager
Garrison Diversion Conservancy District
PO Box 140
Carrington, ND 58421

RE: Fee Agreement for Representation

Dear Duane:

Our previous agreement sunset on October 15th. You have asked us, and we have agreed, to continue to act as policy counsel for Garrison Diversion Conservancy District (Garrison) to provide strategic advice, advocacy, legislative monitoring, and representation as described in our proposal dated October 30, 2017. The purpose of this letter is to confirm the terms and conditions of Brownstein Hyatt Farber Schreck's (BHFS) representation of Garrison's interests.

Effective February 1, 2018, our retainer fee amount will be \$7,000 per month through January 31, 2019. Starting February 1, 2019, our retainer fee amount will be \$10,000 per month through January 31, 2020. Garrison and BHFS will discuss extending their relationship at the conclusion of this agreement.

It is anticipated that Larry Jensen, Ryan Smith, Bill McGrath, Luke Johnson, and Emily Sullivan will perform most of the work on this matter. We may assign additional lawyers or professionals in our firm to represent you if, in our judgment, that becomes necessary or desirable.

In addition to charging fees for our work, we also charge for certain out-of-pocket costs incurred by us in representing you. Charges for long distance telephone calls, telecopy charges, in-office copying, ordinary postage, and deliveries made by in-house staff are covered by an administrative fee, currently equal to 2.5% of the fees charged. This administrative fee is in lieu of itemizing those expenses and may be adjusted over time. If there are other fees, such as computer-assisted research fees, travel, meals, or hotel accommodation charges, those will be billed separately.

We bill for our services on a monthly basis. You agree to make payments within 30 days of your receipt of a statement. We reserve the right to suspend performing services and to promptly move to withdraw from the representation upon a failure to timely pay a bill.

We also wish to emphasize that BHFS provides a wide array of legal and public policy services to many clients around the world. These services include legislative and administrative representation on matters that may affect your interests, directly or indirectly. Therefore, as a condition of our undertaking to represent any client on a particular matter as described in the engagement letter, we hereby ask you, as we do each of our clients, to waive objection to any conflict of interest that might be deemed to be created by our representation of other clients in legislative or administrative policy matters that are unrelated to the specific representation we have been asked to undertake on your behalf. Your waiver will permit us to represent another client in advocating a change in law or policy areas such as, but not limited to, environmental or business regulation, international trade, telecommunications or taxation, even if the policy we advocate would or might have a direct or indirect adverse impact upon your interests.

This agreement shall be governed by and construed in accordance with the substantive laws of the District of Columbia. Furthermore, this agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties. Finally, this agreement may be executed in one or more counterpart copies. Each counterpart copy shall constitute an agreement and all of the counterpart copies shall constitute one fully executed agreement. This Agreement may be executed on electronic mail and facsimile counterparts. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

It has been our pleasure to work with Garrison over the last year and we look forward to continuing the relationship. Occasionally, we may provide lists of representative clients to various publications and may use your company name in marketing materials. Unless you instruct us to the contrary, you hereby consent that such use is acceptable.

Please indicate your agreement to the terms of this letter by executing the enclosed copy and returning it to me. We appreciate the opportunity to represent you.

Very truly yours,

BROWNSTEIN HYATT FARBER SCHRECK, LLP

By _____
Larry Jensen

GARRISON DIVERSION CONSERVANCY DISTRICT

By: _____
Duane DeKrey

ACCEPTED and AGREED TO this ____ day of _____, 2017



2017 Budget Analysis
For the period of January 1, 2017 - December 31, 2017

Income	2017 Budget	Actual as 12/31/17	Balance of Budget
Dues Income	\$ 27,000.00	\$ 33,050.00	\$ (6,050.00)
Interest Income	\$ 50.00	\$ 77.51	\$ (27.51)
Miscellaneous	\$ -	\$ -	\$ -
Cost Share/Development Agr.	\$ 1,200,000.00	\$ 1,177,294.77	\$ 22,705.23
Total Income	\$ 1,227,050.00	\$ 1,210,422.28	\$ 16,627.72

Expenses			
Dues Expenses	\$ 1,280.00	\$ 1,280.00	\$ -
Accounting	\$ 5,000.00	\$ -	\$ 5,000.00
Directors Expense	\$ 100.00	\$ -	\$ 100.00
Insurance	\$ 550.00	\$ 502.00	\$ 48.00
Service Fees	\$ 66.00	\$ 101.00	\$ (35.00)
Water Quality Sampling	\$ 5,500.00	\$ -	\$ 5,500.00
Engineering	\$ 1,233,657.00	\$ 741,319.43	\$ 492,337.57
Adm/Legal/Financial	\$ 70,000.00	\$ 71,195.79	\$ (1,195.79)
Total Expenses	\$ 1,316,153.00	\$ 814,398.22	\$ 501,754.78

Account Activity			
Beg. Bank Balance 1-1-17			\$ 313,250.51
Income Received			\$ 1,210,422.28
Total Funds Available			\$ 1,523,672.79
Service Fees	\$ 101.00		
#1130 ND Water Coalition	\$ 1,000.00		
#1131 ND Rural Water Systems	\$ 280.00		
#1132 Void	\$ -		
#1133 Garrison Diversion	\$ 220,116.01		
#1134 Garrison Diversion	\$ 227,296.83		
#1135 Insure Forward	\$ 502.00		
#1136 Void	\$ -		
#1137 Garrison Diversion	\$ 152,077.45		
#1138 Garrsion Diversion	\$ 213,024.93		
Total Expenses	\$ 814,398.22		
Ending Bank Balance			\$ 709,274.57

**Lake Agassiz Water Authority
2018 Draft Work Plan**

1. Finalize the Preliminary Design for the entire project
2. Complete Phased Final Design with the objective of letting early out contracts this biennium and being prepared to let \$120 million pipeline contract next biennium
 - a. Pipeline alignment Segment 1 (28 mile)
 - b. Trenchless Crossings Segment 1
 - c. Discharge Structure
3. Update StateMod and finalize required import flow rate
4. Exercise existing easement options that will otherwise expire
5. Develop Program Management tools to support financial and budget tracking
6. Obtain Intake permit coverage under USACE NW 12
7. Complete Sediment transport analysis and obtain Sovereign Lands permit
8. Complete North Dakota NPDES permit process
9. Continue refinement of financial models
 - a. Overall Financial Model
 - b. Cost Allocation Plan
 - c. Ability to Pay System Scenarios
10. Develop legislative plan for 2019-2020 biennium
11. Present financial models to stakeholders and policymakers
12. Develop Project Participation agreements
13. Develop and implement MOU with Garrison Diversion
14. Continue communications –
 - a. Develop and distribute RRVWSP Quarterly Newsletter
 - b. Staff LAWA display booths at appropriate conferences and events
 - c. Prepare and distribute news releases regarding RRVWSP and LAWA efforts
 - d. Develop articles for ND Water and other potential publications
 - e. Maintain social media sites for RRVWSP
 - f. Maintain RRVWSP and LAWA websites
 - g. Develop landowner communication tools
 - h. Develop RRVWSP education tools – videos, presentations, handouts, etc
 - i. Prepare for 2019 Legislative session



2018 Budget

Income

Dues Income	\$	29,000.00
Interest Income	\$	50.00
Miscellaneous	\$	-
Cost Share/Development Agr.	\$	89,000.00
Total Income	\$	118,050.00

Expenses

Dues Expenses	\$	1,280.00
Accounting	\$	5,500.00
Directors Expense	\$	500.00
Insurance	\$	550.00
Service Fees	\$	66.00
Engineering	\$	-
Adm/Legal/Financial	\$	63,500.00
Total Expenses	\$	71,396.00

Anticipated Bank Activity

Beginning Bank Balance 1-1-18	\$	709,272.24
Income Budget	\$	118,050.00
Expense Budget	\$	71,396.00
Anticipated Bank Balance 12-31-18	\$	755,926.24

**Bylaws
Of
Lake Agassiz Water Authority**
Revised November 2017

SECTION I – Place of Business

The principal office of the Lake Agassiz Water Authority, hereinafter referred to as LAWA, shall be located within the state of North Dakota.

SECTION II – Membership

LAWA membership shall consist of cities, ~~and~~ water districts, and other water distribution systems who pay dues to the authority and are located in that part of the state which is included within the boundaries of: Cavalier, Pembina, Walsh, Nelson, Grand Forks, Griggs, Steele, Traill, Barnes, Cass, Ransom, Sargent, ~~and~~ Richland, and Stutsman Counties. Minnesota cities may join the authority, provided a portion of the city is located within five miles [8.05 kilometers] of North Dakota, or if the city uses the Red River for its primary water supply. Any other county, city, water district or Canadian governmental entity or water supply system may join the authority upon application of its board and approval of the application by a majority of the LAWA board. LAWA shall require any new member to pay for a pro rata share of the project costs previously incurred by the authority members. LAWA also may require an entity contracting for a water supply to pay an additional fee if the entity joins the project late. Membership dues will be determined by the LAWA Board of Directors.

The Board of Directors may designate associate members to LAWA who are non-voting members of the Board. Associate members will be appointed annually at the organizational meeting and will sit on the Board for a one-year term.

SECTION III – Election of Board Members

A. Composition of the Board:

1. One member from a city with a population greater than forty thousand located east of state highway 1 and north of state highway 200.
2. One member from a city with a population greater than forty thousand located east of state highway 1 and south of state highway 200.
3. One member from a city with a population of five thousand, but not more than forty thousand located east of state highway 1.
4. One member from a city with a population of less than five thousand located east of state highway 1.
5. Two members from water districts located east of state highway 1 and north of state highway 200.

6. Two members from water districts located east of state highway 1 and south of state highway 200.
7. One member from water districts located east of state highway 1.
8. One member from a Minnesota city with a population of more than thirty thousand and which is located within five miles [8.05 kilometers] of North Dakota.
9. One member from water districts located west of state highway 1.
10. One member from a city west of highway 1.

- B. Term and Election of Board Members: North Dakota city members must be selected for two-year terms by election by cities ~~located east of highway 1~~ during the annual meeting of the North Dakota league of cities in every odd-numbered year beginning in 2003. Cities that have paid dues in the calendar year the vote is taken, or signed a development agreement or other application agreement with the authority before the date of the election, are eligible to vote. Water district members must be selected for two-year terms by election by water districts ~~locate east of state highway 1~~ during the annual meeting of the North Dakota rural water systems association in every even-numbered year beginning in 2004. ~~The initial selection of members must be at a meeting held by the board of directors of the North Dakota league of cities and by the board of directors of the North Dakota rural water systems association. The initial city members shall serve until the annual meeting of the North Dakota league of cities in 2003 and the initial water district members shall serve until the annual meeting of the North Dakota rural water systems association in 2004.~~ Water districts that have paid dues in the calendar year the vote is taken, or have signed a development agreement or other participation agreement with the authority before the date of the election, are eligible to vote. For elections of board members after July 1, 2017, a candidate for board member must have a development agreement, water supply contract, or project participation agreement with the authority or the Garrison Diversion Conservancy District. The initial Minnesota city is Moorhead, as it is an associate member of the authority. Moorhead will serve in this capacity until the league of Minnesota cities annual conference in 2006. During even-numbered years thereafter, Minnesota cities within five miles [8.05 kilometers] of the Red River or that use the Red River as a primary water supply may elect their representative.
- C. Vacancies. If a Director position on the Board becomes vacant because of death, resignation, removal, disqualification or for any other cause related to the person filling the role of Director representing a LAWA member, the LAWA member shall appoint another person to represent the member as a Director on the LAWA Board thereafter. If a Director position on the Board becomes vacant because of death, resignation, removal, disqualification, change in legislation or for any other cause related to the LAWA member no longer being eligible to have a seat on the Board, the remaining Directors shall fill the vacant Director position by appointment of a new city or water district member for the remaining portion of the term. The Board shall fill the remaining portion of the term by selecting a like member from a list of

nominees suggested by the League of Cities for a city member vacancy or from the North Dakota Rural Water Systems Association for a water district member vacancy.

SECTION IV – Meetings

- A. Regular Meetings. The Board of Directors shall meet at least four times a year, at a time and place designated by the Chair. The Board of Directors can, by majority vote, cancel any of the regular meetings.
- B. Special Meetings. Special meetings of the Board of Directors may be called by the Secretary on order of the Chair or upon written request of the majority of the voting members of the Board. The Chair and/or a majority of the Board shall designate the time and place of the special meeting.
- C. Meeting Notice.
1. Regular Meetings. At least ~~twenty~~ **ten** days advance written notice, through electronic communications, shall be given to all members of meeting dates. This notice shall generally describe the subject matter to be considered at the meeting. Any voting member may place items on the agenda of a regular meeting provided the request is submitted at least five ~~ten~~ (**5 10**) days prior to the regular meeting.
 2. Special Meetings. Notice of a special meeting must be mailed or electronically communicated to each Director at least three ~~six~~ days before the meeting, provided that a special meeting may be held at any time when all members of the board are present or consent in writing. The notice shall set out the purpose and business to be considered at the meeting.
- D. Quorum. A quorum shall consist of a majority of the voting Board of Directors. Any number of Directors shall constitute a quorum to adjourn a meeting for want of a quorum.
- E. Alternate Designation. A Director may officially designate an alternate to attend meetings and to act on the Director's behalf periodically during the year. The designation shall be made in writing by each Director, submitted to the Secretary **at the first LAWA meeting each calendar year**. While the use of alternatives is acceptable, the Board strongly encourages each Director to personally attend meetings. An Alternate may vote in place of the elected Director on any issues that arise during the course of a properly noticed meeting, with the exception of votes on amendments to the bylaws.
- F. Public Meetings. All meetings shall be open to the public in accordance with North Dakota Open Meeting laws.
- G. Meeting Minutes. The Secretary shall prepare and distribute meeting minutes to each Director. Minutes of all meetings may be approved without reading if they have been distributed prior to the next meeting.

H. Parliamentary Rules and Voting Procedures.

1. In the absence of the Chair, or Vice-Chair, the Chair shall designate another Director to preside over the meeting.
2. Meetings of the Board of Directors will be governed by the parliamentary rules as outlined in Robert's Rules of Order Newly Revised in all cases where current bylaws and policies do not apply.
3. All actions of the Board of Directors shall be decided by roll call vote. A majority of Directors present at a properly noticed meeting will decide the vote. Each Director shall be entitled to one vote on all matters requiring a vote. Designated Alternates appearing on behalf of an absent Director may vote in place of the Director on all matters with the exception of changes to the bylaws. Vote by proxies will not be allowed at any meeting of the Board of Directors or its Committees, except that a letter proxy vote will be allowed for a change to the bylaws only after the proposed change has had both a first and second reading. . Changes to these bylaws will require a two-thirds (2/3) majority (~~eight six~~ directors) of the entire Board.
4. The Chair has a vote as a member of the Board of Directors.

I. Order of Business

1. Roll call
2. Reading of minutes of preceding meeting and action thereon
3. Consideration of communications to the Board
4. Officer reports
5. Committee reports
6. Unfinished business
7. New business

SECTION V – Officers and Staff

- A. Officers. The Board shall elect from its members a Chair and a Vice-Chair at the first meeting of each calendar year. Each member shall hold office until a successor has been duly elected.
- B. Term of Office. Officers are elected for a one-year term or until a successor is elected.
- C. Vacancies. If a vacancy arises in any office because of **any cause including** death, resignation, removal, **or** disqualification **or for any other cause of the Director representing the member entity on the Board**, the LAWA Board shall appoint another Director to hold that office for the remaining portion of the term.

- D. Removal of Officer. Officers may be removed from office for misconduct, malfeasance, crime in office, neglect of duty in office, or of habitual drunkenness or gross incompetency. Any member or director may file charges against an officer by filing a written charges with the secretary of the organization. The charges must be accompanied by a petition asking for a hearing on the charges, which must be signed by at least 40 percent of the directors. Such charges shall be voted on at a meeting called for that purpose. The officer shall be informed in writing of the charges and shall have the opportunity to be heard in person and to present witnesses. The member or director presenting charges against an officer shall have the same opportunity. A vote of 60 percent of the directors present at such special meeting is required for removal of an officer.
- E. Chair. The principal officer shall be the Chair who shall in general supervise all business affairs of the LAWA. The Chair will prepare meeting agendas and will preside at meetings of the Board. When authorized by the Board, the Chair will appoint necessary committees and committee chairpersons, sign official documents requiring signature, and will represent LAWA in public and official capacities. The Chair shall also do and perform such other duties as may be assigned by the Board.
- F. Vice-Chair. The Vice-Chair will preside at meetings in the absence of the Chair and assume the office of the Chair if the Chair can no longer serve.
- G. Secretary/Treasurer. The Board shall elect a Secretary and a Treasurer, which offices may be held by the same individual, and either or both offices may be held by an individual who is not a member of the Board or of LAWA.
1. Duties of the Secretary shall be established by the Board and shall include:
 - A. Record all votes and minutes of the Board proceedings and any meetings of any committees established by the Chair.
 - B. Prepare and distribute minutes of all regular and special meetings of the Board and any other committees that may be appointed by the Chair.
 - C. Prepare and distribute notice of all regular and special meetings of the Board, membership and committees.
 - D. The Secretary shall see that all orders and resolutions of the Board are implemented. The Secretary shall also be responsible for preparing any reports that the Board requests.
 - E. Such other duties as the Board may deem appropriate.
 2. Duties of the Treasurer shall be established by the Board and shall include:
 - A. Hold LAWA funds and securities and keep full and accurate accounts of the receipts and disbursements in official books, and deposit such funds in the depository designated by law.
 - B. Perform all recording and fiscal duties relating to the billing and collection of the annual dues.

- C. Prepare all checks, drafts, or orders for payment of money issued in the name of LAWA for signature by the Chair.
- D. Prepare annual budgets for the operation of LAWA. The budget shall reflect operational cost for such fiscal year as the Board shall determine. The proposed budget shall be presented to the Board for review and approval at any meeting.
- E. Such other duties as the Board may deem appropriate.
- F. Staff. The Garrison Diversion Conservancy District shall provide the administrative, technical and legal support for LAWA.

SECTION VI – Committees

A. Establishing Committees. When authorized by the Board, the Chair is empowered to establish committees comprised of Directors and may likewise authorize committees of an advisory nature, the membership of which need not be solely voting Directors. The Chair shall appoint the Chair of all committees. Termination of any committee shall be by action of the Board of Directors.

B. Executive Committee. If the Board chooses to establish an Executive Committee, it shall be comprised of **a minimum of three individuals and should include**; the Chair, the Vice-Chair, and **other another** Board members who will be elected to serve on the Executive Committee by majority vote of the Directors.

SECTION VII – Expenses of Members

Reasonable expenses will be reimbursed to Directors as allowed by state law. If the constituency has an inability to reimburse a Director's expenses, the Board may agree to pay reasonable expenses of a Director upon request.

SECTION VIII – Deposits, Funds & Fundraising

- A. Deposits. All funds of LAWA shall be deposited from time to time to the credit of LAWA in such financial institutions designated as a depository for public funds pursuant to North Dakota Century Code Chapter 21-04
- B. Gifts. The organization may accept gifts, grants, contributions, or bequest for the general purpose or any special purpose of the LAWA.

SECTION IX – Financial Records Review

The financial accounts and transactions of LAWA shall be reviewed biannually by a Certified Public Accountant or by an internal review committee appointed by the Chair.

SECTION X – Amendment to Bylaws

These bylaws may be amended at any regular meeting of the Board by a two-thirds vote of the entire Board only after a second reading of the proposed change. Proposed amendments to the bylaws must be submitted to the Secretary by a Board member at least thirty days prior to the regular meeting at which they are to be considered for a first reading. Notice of the meeting at which the Board will consider this amendment must be mailed by the Secretary to each member of the Board along with a copy of the proposed bylaw amendment at least fifteen days prior to any regular meeting at which the amendment will be considered. Directors may vote on by-laws by written proxy when called for a vote after the second reading. Alternates will not be allowed to vote on proposed changes to the bylaws.