

LAKE AGASSIZ WATER AUTHORITY

BOARD OF DIRECTORS

**Hilton Garden Inn
Fargo, North Dakota
July 11, 2019**

A meeting of the Lake Agassiz Water Authority (LAWA) board of directors was held at the Hilton Garden Inn, Fargo, North Dakota, on July 11, 2019. The meeting was called to order by Chair Mahoney at 11 a.m.

MEMBERS PRESENT

Chair Timothy Mahoney
Vice Chair Ken Vein
Director LaVonne Althoff
Director Rick Bigwood
Director Dave Carlsrud
Director Tom Erdmann
Director John Hancock
Director Mark Johnson
Director Ralf Mehnert-Meland
Director Don Moen
Alternate Brian Reilly for Director Keith Nilson
Associate Member Don Bajumpaa
Associate Member Carol Siegert
Secretary Duane DeKrey

MEMBERS ABSENT

Director Nels Halgren
Associate Member Dick Johnson

OTHERS PRESENT

Staff members of the Garrison Diversion Conservancy District were present along with others. A copy of 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 Director Johnson to approve the board agenda. Second by Director Mehnert-Meland. Upon voice vote, motion carried.

INTRODUCTIONS

Chair Mahoney called on those in the audience to introduce themselves.

CONSIDERATION OF THE MINUTES

Motion by Director Althoff to dispense with a reading of the March 8, 2019, Lake Agassiz Water Authority Board minutes and approve them as distributed. Second by Director Hancock. Upon voice vote, motion carried.

OFFICER REPORT

Vice Chair Vein reported on water related meetings he has attended and legislative issues facing the Red River Valley Water Supply Project (RRVWSP).

COMMITTEE REPORTS

None

LEGISLATIVE RECAP

Chair Mahoney and Secretary DeKrey provided an overview of the legislative session.

RED RIVER VALLEY WATER SUPPLY PROJECT UPDATE

Risk Analysis Workshop

Chair Mahoney informed the board that a risk analysis workshop was held on June 20 in Fargo. Attendees included Lake Agassiz Water Authority (LAWA) leadership, LAWA Technical Advisory Committee chairs, LAWA Finance Committee chairs, city administrators and Garrison Diversion officers and management staff and Red River Valley Committee members.

The purpose of the workshop was to focus on what LAWA and Garrison Diversion need to collectively accomplish on the RRVWSP in the next six months given last session's legislative outcomes.

During the workshop, discussion took place on tasks projected for this biennium and evaluating the risks/benefits of doing those tasks given the current project status.

Chair Mahoney stated one of the biggest issues is financing. Today the board will be taking a hard look at how the RRVWSP will be financed, which really comes down to what the users can afford.

A PowerPoint presentation was provided by Merri Mooridian, Deputy Manager, RRVWSP Administration; Brett Jochim, Advanced Engineering and Environmental Services, and Tami Norgard, Vogel Law, recapping the workshop objectives which included a project and land acquisition update, WOTUS update, permit status and short-term risk management discussion.

Project Financing

Ms. Mooridian reported that the state legislature re-appropriated \$13 million in SB 2020 from the 2017-2019 biennium, which is at a 90/10 percent cost share. From a local standpoint, this amounts to a cost share of \$1.44 million. For the 2019-2021 biennium, the RRVWSP was appropriated \$30 million at a 75/25 percent cost share. This equals a \$40 million budget.

Ms. Mooridian said the legislature did not approve the long-term, low interest loan. A 75/25 percent cost share at market rate is really tough for systems to afford when it is unknown whether there will be a 40-year, two percent loan in the future. Therefore, the financial team needs to know how the users would like to move forward this biennium.

Early Out Construction

Chair Mahoney asked after talking to the financial advisors, what would be the expectation of all the members if early out construction went forward this fall?

Ms. Mooridian stated if early out construction proceeded with the \$13 million and the 10 percent cost share, the cost comes to \$1.44 million from the users. To move ahead with the entire biennial budget at the 25 percent cost share, the cost would be an additional \$10 million from the users.

Ms. Mooridian said during the workshop, discussion also focused on early out construction, and, if it moves forward, what the minimum cost would be to keep the project from stalling. The preliminary amount is \$7-\$8 million at a 25 percent local cost share.

Ms. Mooridian said direction is needed from the LAWA board on what to move forward with this biennium, what is affordable and how would the work be paid for. Also, are all systems expected to contribute, and what type of user outreach should be done.

Ms. Mooridian commented at the end of the biennium, approval was given to add the RRVWSP to the existing Infrastructure Revolving Loan Fund. Chair Mahoney signed the application to submit a funding request in the amount of \$11.44 million. If approved and the board agreed to taking out the loan, the term would be 30 years at two percent. This is only a short-term fix for this biennium, knowing there is a lot of work to do in order to obtain an affordable cost share and an affordable loan for next biennium.

Chair Mahoney reminded the board that LAWA has always said they would put in ten percent. The question is when to put it in.

The consensus of the board members was they are supportive of the RRVWSP and they feel the project should move forward; however, it is hard to commit when the cost to them is not known.

Ms. Norgard said no funding is being committed today. The premise of the motion is whether or not to move forward with early out construction.

Motion by Vice Chair Vein to proceed with preparation of bid packages for early out construction to spend \$14.44 million, with bid packages brought back to LAWA for

further consideration and further agreement on how the local share will be funded. **Second by Director Johnson. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Carlsrud, Erdmann, Hancock, Johnson, Mahoney, Mehnert-Meland and Vein. Alternates voting aye: Reilly. Those voting nay: none. Absent and not voting: Halgren. Motion carried.**

Executive Session

Motion by Vice Chair Vein to enter into Executive Session to discuss land acquisition negotiations for the Red River Valley Water Supply Project and to receive updates and provide direction to LAWA's attorney and Negotiating Team regarding the Memorandum of Understanding between LAWA and Garrison Diversion. Second by Director Mehnert-Meland. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Carlsrud, Erdmann, Hancock, Johnson, Mahoney, Mehnert-Meland and Vein. Alternates voting aye: Reilly. Those voting nay: none. Absent and not voting: Halgren. Motion carried.

The board entered in Executive Session at 12:35 p.m. and reconvened in regular session at 1:35 p.m.

Work Plan Update - - Ms. Mooridian referred to the RRVWSP Work Plan Update dated June 25, 2019, stating this is for the board's information. It provides the status on each of the approved task orders. A copy of the update is attached to these minutes as Annex II.

McClusky Canal Water Source - - Ms. Mooridian provided an update on the request submitted to Reclamation for consideration of additional water from the McClusky Canal to serve as an alternate water supply for the RRVWSP. An Environmental Impact Statement (EIS) needs to be prepared to analyze the proposed actions associated with this request. Garrison Diversion staff has been attending technical meetings with Reclamation's Bismarck office to clarify the request.

FINANCIAL REPORT

2019 Budget Analysis Statement - - Ms. Mooridian referred to and reviewed the Budget Analysis Statement for the period of January 1, 2019, to June 30, 2019, a copy which is attached to these minutes as Annex III.

Total income received through June is \$31,331. Expenses are \$26,471. The total bank balance at the end of June was \$766,871.

Motion by Director Mehnert-Meland to approve the Budget Analysis Statement for the period of January 1, 2019, through June 30, 2019. Second by Director Bigwood. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Carlsrud, Erdmann, Hancock, Johnson, Mahoney, Mehnert-Meland and Vein. Alternates voting aye: Reilly. Those voting nay: none. Absent and not voting: Halgren. Motion carried.

2019 Bills Paid

Ms. Mooridian reported that bills paid in 2019 are \$11,343 to Ohnstad Twichell and \$13,837 to Garrison Diversion for LAWA's share of the national legal fees.

Motion by Director Moen to approve the bills paid. Second by Director Erdmann. Upon roll call vote, the following directors voted aye: Althoff, Bigwood, Carlsrud, Erdmann, Hancock, Johnson, Mahoney, Mehnert-Meland and Vein. Alternates voting aye: Reilly. Those voting nay: none. Absent and not voting: Halgren. Motion carried.

2019 LAWA Membership Dues - - Ms. Mooridian referred to the table showing LAWA membership dues collected for 2019. The amount collected to date totals \$31,300.

UNFINISHED BUSINESS

Insurance Advisor - - Ms. Mooridian reported that a Request for Proposals (RFP) to advertise for services for an insurance advisor has been developed. This will be an action item for an upcoming board meeting.

NEW BUSINESS

None

OTHER

There being no further business to come before the board, the meeting adjourned at 1:45 p.m.

Timothy Mahoney, Chair

Duane DeKrey, Secretary

REGISTRATION

LAWA Board Meeting
Fargo, North Dakota
July 11, 2019

| NAME | ADDRESS |
|--------------------------|-------------------------|
| Duane DeKrey | GDCD |
| Kimberly Cook | GDCD |
| Bruce Crubb | City of Fargo |
| Dave Piepkorn | FCUSU |
| Keith Myklebust | EAST GRAND FORKS |
| BRIAN JOHNSON | EGF WATER & LIGHT |
| April Walker | A. Walker Consulting |
| Jeneva Kaiser | GDCD SRUB |
| Greg Bischoff | GDCD Bemis City |
| Jay Paul Anderson | GDCD Ransom City |
| Roger Fenstad | GDCD Cass City |
| KEN ROSE | GDV - RUSTAD Co. |
| Brett Joachim | AETS |
| Sivan GOODIE | AGCS |
| Mac Pritchard | Morehead Public Service |
| Steve Metzger | GDCD Foster County |
| Steve Hansen | Southeast Water Users |
| Jerry Blomeke | Cass RW District |
| Al Grasser | City of Grand Forks |
| Maureen Gurstad | City of Grand Forks |
| Kris Knutson | Morehead Public Service |
| Joe Zanner | American Pipe |
| Ann Morgan | Vogel Law Firm |
| Lisa Schaefer | Harrison diversion |
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RRVWSP Work Plan Update June 25, 2019

Goal

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|-------------|---|
| Spring 2016 | Completed Conceptual Design and Cost Estimate |
| Summer 2017 | Completed Preliminary Design and Cost Estimate for pipeline and pump station(s) |
| 2017 - 2019 | 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 was released in September 2016. The majority of the preliminary design has been completed; of the \$10 million cost estimate, approximately \$42,000 remains to be expended on the task orders. 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 must be completed first, which includes permit phasing, design phasing and construction phasing.

Final Design

The draft preliminary design 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 RRVWSP 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 RRVWSP route overview map. This task order will deliver bid ready documents for this 28-mile segment. Estimated cost is \$3,840,000.

Status – Letters have been sent to utility companies asking for facility locations and details where crossings might occur. The 90% plans and specification were submitted in March 2019.

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 – All borings and soil resistivity tests are complete. A draft Geotechnical Baseline Report and Corrosion Protection Design Guide has been developed.

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.

Status – All field work was completed prior to the river freezing. A request was made to USACE for a river analysis model HEC-RAS. Developed 1D and 3D models and completed geomorphic analyses. The final Sediment Transport Report has been sent to the SWC for review.

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.

Status – The 90% plans and specifications were ready February 2019.

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.

Status – The 90% designs are available for review.

6) Land Services – This task order is for survey support services, easement and option acquisition for RRVWSP parcels. The RRVWSP 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. A second authorization was approved for segment 2a, 2b and 4. Estimated cost is \$1,232,839.

Status – Pipeline Segment 1 status; 99% easements signed. All letters to landowners asking for converting options to easements and asking for options have been sent. The appraisal reports for the intake and discharge land have been received.

7) Drone Aerial Coverage – This task order is for unmanned aircraft system services for the initial 28-mile pipeline corridor, discharge site and intake site. Oblique view videos will be captured and incorporated into the GIS database. Estimated cost is \$71,443.

Status – The intake, discharge and pipeline segment 1 have been completed.

8) Missouri River Intake – This task order is for preliminary design of the Missouri River intake including a submerged crib, a tunnel from the crib to a pumping station on the river bank, and a pumping station, including utility extensions necessary and site civil design in order to develop the site. To support early out construction, final designs will be performed for the wet well, access road for construction vehicles and site drainage. Estimated cost is \$1,985,000.

Status – USACE has issued NW 12 permit for the intake. The Missouri River Intake Pump Station physical modeling is complete. The intake design passed all Hydraulic Institute tests.

9) NDPDES Permit Application Supplement – This task order provides support documentation on how the proposed RRVWSP water treatment plant meets the established requirements of the Boundary Waters Treaty Act. Estimated cost is \$195,000.

Status – The NDPDES permit application was submitted to NDDOH on July 31, 2018.

10) Value Engineering – HDR was selected to complete a value engineering study on the RRVWSP. Estimated cost is \$198,539.

Status – The value engineering study workshop was held September 10-14. The draft report was issued on September 28, and the final report was submitted January 1, 2019.

11) Value Engineering Assistance – This task order provides Black and Veatch support services to the value engineering process. Estimated cost is \$64,000.

12) StateMod Amendment No. 3 – This task order provides support to respond to GDCD, LAWA, stakeholder and SWC requests for additional analysis. Estimated cost is \$193,428.

13) Field Verification of PDR Pipeline Alignment- This task order provides support services to field verify 139 miles of the PDR alignment not currently under design. Estimated cost is \$164,000.

Financial Modeling & Stakeholder Outreach

1) Municipal Advisor – Ernst & Young Infrastructure Advisors (EYIA) provides municipal advisory services for the RRVWSP. The overall objective is to develop a robust financial plan to finance the RRVWSP. The model will include construction schedule alternatives, capital debt structure options and on-going operational and renewal costs. Estimated cost is \$508,872.

Status – EYIA has refined the financial models based on effective construction schedules and debt financing approaches. The financial model includes quantified market risks and various cost-share alternatives. This work is on hold until further direction is received from stakeholders/policymakers. EYIA's work is jointly occurring and being incorporated into modeling being completed by AE2S Nexus and Black & Veatch. The models are reviewed by the LAWA Financial Advisory Committee.

2) Financial Modeling/Cost Allocation – The task order is for AE2S Nexus to assist EYIA in development of the overall financial plan and use that plan as the basis for the cost allocation model for each participating system. Estimated cost is \$512,175.

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 ten systems - both large and small systems. This work is in conjunction with the work being completed by EYIA.

3) Stakeholder Re-engagement – This task order will provide support in meeting with each of the 35 systems that signed development agreements. The objective of each meeting is to obtain a signed Project Participation Agreement and Water Service Contract. Estimated cost is \$398,830.

Status – Reevaluating financial modeling and outreach.

Program

1) Program Management – The overall RRVWSP 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.

Status – Program management meeting #1 focused on all aspects of PM, PM #2 focused on the schedule, and other meetings were held developing PM tools and gaining knowledge about program delivery models. Draft Program Management Plan, Construction Management Plan and Design Guidance Manual have been submitted for review.

2) Program Management Information System – This task order will assist GDCD in making initial contact with vendors and to solicit formal submittals from those vendors to provide hardware, software and services. Estimated cost is \$43,100.



2019 Budget Analysis

For the period of January 1, 2019 - June 30, 2019

| Income | 2019 Budget | Actual as 06/30/2019 | Balance of Budget |
|-----------------------------|---------------------|---------------------------------|--------------------------|
| Dues Income | \$ 34,000.00 | \$ 31,300.00 | \$ 2,700.00 |
| Interest Income | \$ 80.00 | \$ 31.52 | \$ 48.48 |
| Miscellaneous | \$ - | | \$ - |
| Cost Share/Development Agr. | \$ - | | \$ - |
| Total Income | \$ 34,080.00 | \$ 31,331.52 | \$ 2,748.48 |

Expenses

| | | | |
|-----------------------|----------------------|---------------------|---------------------|
| Dues Expenses | \$ 1,290.00 | \$ 1,290.00 | \$ - |
| Accounting | \$ - | | \$ - |
| Directors Expense | \$ 500.00 | | \$ 500.00 |
| Insurance | \$ 550.00 | | \$ 550.00 |
| Service Fees | \$ - | | \$ - |
| Engineering | \$ - | | \$ - |
| Adm/Legal/Financial | \$ 109,550.00 | \$ 25,181.22 | \$ 84,368.78 |
| Total Expenses | \$ 111,890.00 | \$ 26,471.22 | \$ 85,418.78 |

Account Activity

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|------------------------------|----------------------|
| Beg. Bank Balance 1-1-19 | \$ 762,011.57 |
| Income Received | \$ 31,331.52 |
| Total Funds Available | \$ 793,343.09 |

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|---|---------------------|
| #1143 ND Water Coalition | \$ 1,000.00 |
| #1144 ND Rural Water Systems | \$ 290.00 |
| #1151 Garrison Diversion Conservancy District | \$ 13,837.50 |
| #1152 Ohnstad Twichell P.C | \$ 11,343.72 |
| Total Expenses | \$ 26,471.22 |

| | |
|----------------------------|----------------------|
| Ending Bank Balance | \$ 766,871.87 |
|----------------------------|----------------------|