

LAKE AGASSIZ WATER AUTHORITY**BOARD OF DIRECTORS**

**Ramada Plaza & Suites
Fargo, North Dakota
June 24, 2016**

A meeting of the Lake Agassiz Water Authority (LAWA) board of directors was held at the Ramada Plaza & Suites, Fargo, North Dakota, on June 24, 2016. 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 Clark Cronquist
Director Mark Johnson
Director Ralf Mehnert-Meland
Director Keith Nilson
Director Carol Siegert
Secretary Duane DeKrey

MEMBERS ABSENT

Director Rick Bigwood

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.

CONSIDERATION OF THE MINUTES

Motion by Director Cronquist to dispense with a reading of the April 15, 2016, board minutes and approve them as distributed. Second by Director Althoff. Upon voice vote, motion carried.

OFFICER AND COMMITTEE REPORTS

Al Grasser, Chair, Technical Advisory Committee, reported that the committee met on May 12 and June 17 at AE2S in Fargo. At the meeting in May, the committee reviewed the implementation plan and capital costs. They also reviewed the hydraulics and pump station technical memorandum and Baldhill Creek technical memorandum. An update was also given from legal counsel. At the June meeting, the committee reviewed the water treatment plant and intake technical memorandums. The committee made a motion to recommend the

LAWA board approve four task orders, which will be presented to the board for consideration today.

RED RIVER VALLEY WATER SUPPLY PROJECT (RRVWSP) UPDATE

National Legal Counsel Update - - Tami Norgard, Vogel Law Firm, reported on interaction that has transpired with the national legal counsel since the last board meeting. Items addressed were the horizontal collector wells, a conventional intake, and the concept of one or two pipelines.

Presentation - - Kip Kovar, Deputy Program Manager, Engineering, RRVWSP, provided a PowerPoint presentation, including a review of the work plan, an update on and next steps for the conventional intake, a water treatment plant update, including potential alternatives, and a review of the conceptual design phase with preliminary annual operation and maintenance costs.

Merri Mooridian, Deputy Program Manager, Administration, RRVWSP, said that she, along with Secretary DeKrey and Advanced Engineering representatives, have been visiting with the various system users. She stated that 66 systems have been identified that could potentially be served from the RRVWSP, and they have met with 24 of them. She reviewed a map showing the potential areas to be served.

Mr. Kovar also provided an update on the budget. Conceptual engineering started with an estimated cost of \$5.2 million. To date, \$4 million or 76 percent of the budget has been spent. A conceptual design report should be complete in July.

Mr. Kovar said some of the next steps include work on the conventional intake, preliminary design of the pipeline alignment and obtaining access agreements.

Mr. Kovar stated in order to coordinate the efforts of everyone working on access agreements and the gathering of information, it has been suggested that it would be very beneficial to use the software Workflow Manager. He would like to see this software implemented for use in the RRVWSP.

Lucas Rengstorf, Advanced Engineering, gave a presentation showing the capabilities of Workflow Manager and explained how it could be used for the easement acquisition tracking process.

Status Report - - Mr. Kovar commented that the engineering update is included in the meeting materials for the board's information. A copy of the update is attached to these minutes as Annex II.

Work Plan Task Orders - - Mr. Kovar referred to and reviewed the table listing the work plan task order recommendations totaling \$1.5 million. A copy of the table is attached to these minutes as Annex III.

Mr. Kovar said the first two task orders being presented for approval today are for pipeline preliminary design. The first one is for the pipeline alignment from Washburn over to the conventional intake near McClusky and the second is the alignment from the Red River Valley/Central North Dakota split over to Baldhill Creek. The cost estimate for the first task order is \$595,000 and \$576,000 for the second.

Motion by Vice Chair Vein to approve the task order for preliminary design of Pipeline Alignment from Washburn to McClusky and Land Services (ROE) totaling \$595,000. Second by Director Johnson. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson, Siegert, and Vein. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

Motion by Director Althoff to approve the task order for preliminary design of Pipeline Alignment from Red River Valley/Central ND Split to Baldhill Creek Land Services (ROE) totaling \$576,000. Second by Director Siegert. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson, Siegert, and Vein. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

Ms. Mooridian said the next item for approval is for municipal advisory services. She referred to the copy of the request for proposal (RFP) issued by Garrison Diversion that went out on June 3 for a municipal advisor to assist with the financial modeling of the RRVWSP. The RFPs are due today. The cost estimate for this is \$150,000.

Motion by Director Cronquist to approve the task order for municipal advisory services totaling \$150,000. Second by Director Nilson. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson, Siegert, and Vein. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

Ms. Mooridian stated there is currently a task order for user commitments. An amendment is needed on this task order adding an additional \$250,000. This work includes preparing meeting materials and meeting with prospective systems. Meetings have been taking place with the users and are still ongoing. Garrison Diversion staff, along with Advanced Engineering representatives, have been leading these meetings to discuss system nominations. There are still a number of systems remaining to meet with, and some systems will require more than one meeting.

Motion by Vice Chair Vein to approve the amendment to the user commitment task order increasing the total amount by \$250,000. Second by Director Seigert. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson, Siegert, and Vein. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

Mr. Kovar added that he does not have a final task order for the board to review, but he is asking that the board approve up to \$150,000 for the Workflow Manager software program. This would cover purchasing the license, training and implementing the program.

Motion by Director Nilson to approve a task order for an online portal for parcel data management and a task tracking system up to \$150,000. Second by Director Johnson. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson, Siegert, and Vein. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

Planning Level Budget & Schedule - - Ms. Mooridian referred to the planning level budget for this biennium and reviewed the current cost estimates for each task order. The revised total is \$14.2 million. The State's cost share is \$12.39 million, and LAWA's cost share is \$1.4 million.

Mr. Kovar stated that conceptual engineering will probably come in under budget.

Ms. Mooridian said to date \$4 million has been spent.

A copy of the planning level budget and schedule is attached to these minutes as Annex IV.

Development Agreement - - Ms. Mooridian distributed a revised Development Agreement, stating that the agreement approved by the board earlier this spring included a \$16 million budget referral. At that point, it was thought that there may be additional state funds available for the project. It is now evident that there will not be additional funds so the revised agreement no longer references the \$16 million. Instead, the agreement refers to Exhibit A, which includes the \$14 million budget number. A copy of the revised agreement is attached to these minutes as Annex V.

Ms. Norgard said the prior agreement basically said the system user was tied to paying the ten percent and the number could increase. There has been some concern that it could be an open ended number because you are required to pay the 10 percent share and there could possibly be litigation and costs go up and you are not locked in. It was revised to say costs are as indicated on Exhibit A and any increase in costs has to come before this board.

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

Project Cost Share - - Vice Chair Vein commented that there are two areas that are very significant as the RRVWSP moves forward, and the board needs to prepare for the next Water Topics Committee meeting coming up in August. The two points of interest are the project cost share and the 2017-2019 work plan. As we prepare for the meeting, the board's input on what to propose is needed. A 60/40 cost share has been mentioned by one of the state representatives and he's requested that a bill be prepared. It is felt that is too high of a cost share and could potentially kill the project.

Vice Chair Vein reminded the board that some years back, when the federal government was still involved, the project cost was to be one-third state, one-third federal and one-third local. This would have been approximately \$200,000 for the local share, which was felt to be a good threshold. Moving forward, it appears it would be best to be at an 80/20 cost share split for construction. Continuing with the design, there's been talk of keeping the split at 90/10. Further discussion is needed as to the affordability of the project and what the future cost share might be.

Vice Chair Vein added that a discussion also needs to take place on how much money is needed and what should be done on the work plan in the 2017-2019 biennium. During the last session, there was legislative intent of \$150 million for the next four bienniums to complete this project. That was when oil prices were higher, and the fact is there will probably not be access to \$150 million. It will be something less than that, and we need to be cognizant of what is happening across the state with all the monies that would be available for water projects. Therefore, we expect the request will have to be shaved back, and we need to talk about what it could be shaved back to and what the work plan would look like.

Chair Mahoney asked if the board was comfortable with the 90/10 split through the design phase and an 80/20 split for construction.

Vice Chair Vein stated that there is existing water policy from the State Water Commission that has cost shares already assigned and there is usually some type of a range; however, large projects like this fall outside the norm and may be looked at individually.

Motion by Director Althoff to approve a 90 percent state cost share and a 10 percent local cost share through the design phase of the RRVWSP and an 80 percent state cost share and 20 percent local cost share during the implementation and construction phase of the project. Second by Director Siegert. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson, Siegert, and Vein. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

2017-2019 Work Plan - - Vice Chair said we are still at the assessment phase. Knowing that we will not receive the \$150 million in funding and looking at how the funds could be disbursed, we thought we may be at \$50 million. There has been some discussion with the grassroots committee about that being closer to \$30 million.

Vice Chair Vein added that the engineers and administration have looked at each funding scenario, and each scenario has a different work plan. The work plan would be designed based on the money that is available. We would take that amount and design the final work plan and look at implementing that through the next biennium. At one time, it was projected it would take close to \$50 million to complete the total design. This would not get us through that, but if we stay with the \$30 million, it would get us through partial to total design. We may also have phases of the project we would actually like to have under construction during this biennium. All of the money requested will go to one or two things; design or some smaller phase of implementation or construction of the project. At least \$30 million in funding is needed.

FINANCIAL REPORT

2015 Audit - - Ms. Mooridian referred to the 2015 LAWA audit report and reviewed the findings with the board.

To obtain a copy of the 2015 LAWA audit report contact the Garrison Diversion Conservancy District.

Director Cronquist commented on Note 2 in Notes to Financial Statement and the fact that LAWA does not have a formal investment policy. He questioned whether LAWA should have a formal policy.

Ms. Norgard stated that it is easy to put an investment policy in place. If LAWA decides it is not going to invest the money, you do not have to invest the money but the policy is there if you want to.

Mayor Mahoney said that legal counsel could prepare a policy for the board.

Motion by Director Cronquist authorizing legal counsel to prepare an investment policy for LAWA. Second by Director Nilson. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson,

Siegert, and Vein. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

Motion by Vice Chair Vein to accept the 2015 LAWA audit report. Second by Director Cronquist. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Mehnert-Meland, Nilson, Siegert, and Vein. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

2016 Budget Analysis Statement - - Ms. Mooridian referred to the Budget Analysis statement for the period of January 1, 2016, to May 31, 2016. Total income received through May is \$27,178. Expenses are \$67,189. The total bank balance is \$552,085. A copy of the statement is attached to these minutes as Annex VI.

Motion by Director Johnson to accept the budget analysis statement for the period of January 1, 2016, to May 31, 2016. Second by Director Siegert. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Menhert-Meland, Nilson, Siegert and Vein. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

Bills Paid - - Ms. Mooridian reviewed bills paid since the last board meeting, which included audit expense, water sampling and reimbursement of expenditures.

2016 Membership Dues - - Ms. Mooridian reported that \$27,150 has been received for 2016 membership dues.

UNFINISHED BUSINESS

None

NEW BUSINESS

Municipal Advisor Selection Committee - - Ms. Norgard explained the selection process for the municipal advisor, which will be much like the process used for the national legal counsel. The selection committee consisted of two members from the LAWA board and two members from the Garrison Diversion board. They will screen the applications and conduct the interviews, which are scheduled for July 13-22.

Ms. Mooridian explained that the recommendation from the selection committee will go to the Garrison Diversion board for approval.

Motion by Director Nilson authorizing the chair to select two members from the LAWA board to serve on the municipal advisor selection committee. Second by Director Althoff. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Menhert-Meland, Nilson, Siegert and Vein. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

OTHER

Board Position - - Ms. Mooridian informed the board that Mayor Werkhoven has resigned from the LAWA board leaving an open position on the board. LAWA Bylaws state that the ND League of Cities will recommend potential members to fill the position. The board then selects an individual from the recommendations.

Motion by Director Siegert authorizing staff to contact the League of Cities and begin the process to fill the vacant board position. Second by Director Johnson. Upon roll call vote, the following directors voted aye: Althoff, Cronquist, Johnson, Mahoney, Menhert-Meland, Nilson, Siegert, Vein and Werkhoven. Those voting nay: none. Absent and not voting: Bigwood. Motion carried.

Next Meeting Date - - The next meeting will be scheduled as needed.

There being no further business to come before the board, the meeting adjourned at 12:35 p.m.

Timothy Mahoney, Chair

Duane DeKrey, Secretary

REGISTRATION

LAWA Board Meeting
Fargo, North Dakota
June 24, 2016

NAME	ADDRESS
Steve L. Burian	AE ₂ S
Shannon Roberts Jones	ROETS Companies
Kimberly Cook	AE₂S GDCB
SANFORD CASE	AE ₂ S
Lucas Bengtson	AE ₂ S
Randy Radacz	EAST GRAND forks
Bruce Brubio	City of Fargo
Jerry Blomeke	Cass R.W. Dist.
Kris Knutson	Moonhead Public Service
Bill Schwandt	" " "
Steve Metzger	GD _{CD} - Foster Co.
Geneva Kaiser	GD _{CD} - Stutsman Co.
Roger Fensterad	GD _{CD} - Cass Co
KEN ROSE	GD _{CD} - Burleigh Co.
Mike Tweed	GD _{CD} Eddy Co.
Roger Bischoff	GD _{CD} Barnes Co.
MARK ANDREWS	RETIRED
John M. Olson	Garrison Div Concillib.
Joe Zauner	American Pipe
Dave Piepkorn	City of Fergus
Lisa Schaefer	GD _{CD}

**RRVWSP Work Plan Update
June 1, 2016**

Goal

Spring 2016	Complete Conceptual Design and Cost Estimate
Winter 2016	Complete Preliminary Design and Cost Estimate for pipeline and pump station(s).
2017 - 2018	Complete Final Design and Cost Estimate
2019 - 2024	Phased Bidding and Construction

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

Conceptual Design

1) Missouri River Intake Investigation Task Order – A Missouri River bank filtration intake near Washburn is proposed to reduce the amount of federal permits for the RRVWSP. Results of two previous studies indicated only the Washburn area may support 122 cfs and recommended further study of up to four sites. Work includes well pumping tests to determine yield of horizontal collector wells at the sites and the recommended number and spacing of the horizontal collector wells at each site. The previous work was contracted through the SWC and CH2M Hill. The work in this task order was contracted through GDCD and CH2M Hill. Cost of the work is \$1,306,790.

Status – All field work has been completed. The final report is complete and was presented to the LAWA Technical Advisory Committee on January 22.

Results suggest that the desired RRVWSP intake capacity of 122 cfs may be achievable through bank filtration intakes at multiple sites. This would require 9-14 collector wells spread across four sites.

2) Discharge System (Baldhill Creek Investigation) Task Order – Utilizing the Baldhill Creek as a water conveyance to Lake Ashtabula could eliminate the need for 13 miles of pipeline and provide a savings of \$40 million. Studies include creek capacity and the interaction of Baldhill Creek with groundwater aquifers and impacts, if any, to adjacent lands. Estimated cost is \$806,000.

Status –Monitoring equipment has been installed for year 2016. A draft report was provided in early April. The draft report documented that the creek can contain the additional flow, but up to 15 cfs could be lost to infiltration and evaporation.

3) Pipeline Alignment Task Order - The original RRVWSP alignment went from the McClusky Canal to Lake Ashtabula; however, the intake will now be moved to the Missouri River near Washburn. An alignment needs to be established from Washburn to Highway 200 connecting to the original alignment. Also, the original alignment needs to be refined to minimize permitting. Estimated cost is \$960,000.

Status – A draft report with a proposed alignment and cost estimate was released in early March. The alignment has been reviewed by GDCD and LAWA and was submitted to the USCOE for jurisdictional determination.

4) Hydraulic and Pump System Task Order – The intake site has moved from the McClusky Canal to the Missouri River near Washburn, including a new segment of pipeline connecting the two. This task order will build on existing data and expand and refine the hydraulic operational characteristics of the pump stations and control facilities required to successfully operate the RRWSP. The specific goals will be to provide an updated hydraulic analysis of the entire project, a conceptual layout of pumping facilities and a conceptual level cost estimate of those pumping facilities. Estimated cost is \$480,000.

Status –The team discussed a range of pumping flows, placement of a water treatment plant, closed system versus open system using break tank and hydraulic differences with each option. The draft report showing a conceptual design for the hydraulic structures and a cost estimate for the hydraulic structures was released in April.

5) Horizontal Collector Well Conceptual Design Task Order – The information collected from the Missouri River intake studies will be used to develop conceptual design and cost estimates. Estimated cost is \$400,000.

Status – Four sites have been identified with potential hydrogeology. It is estimated that 9 to 14 collector wells would be required to achieve the desired capacity spread across the four sites. An additional 30 miles of pipe will be required to manifold the collector well sites together. Efforts have started to develop a conceptual design for each of the collector wells. The horizontal alignment for the piping to each collector well has been established, as have the initial pump sizes for each collector well. A draft report will be released in mid-April. No further work is recommended at this time related to the collector wells.

Continued work under this task order will be moving forward with a conventional intake conceptual design as recommended by the draft implementation plan.

6) Land Services Task Order – The original RRWSP alignment went from the McClusky Canal to Lake Ashtabula; however, the intake will now be moved to the Missouri River near Washburn. An alignment needs to be established from Washburn to Highway 200 connecting to the original alignment. This task order will prepare ROW data and documents for acquiring new easements. Estimated cost is \$470,000.

Status – The task order is being revised to reflect the implementation plan, and work is underway.

7) Needs Assessment Task Order – The original capacity of the RRWSP was 122 cfs. Staff will begin updating users of the current State proposed project. Water users in the LAWA service area will be asked to review their needs to determine if 122 cfs is an appropriate size. Furthermore, systems along the pipeline routes in Central North Dakota will be canvassed to see if there is a need to service those systems from the State project. The task order will assist GDCD staff in this effort. Estimated cost is \$150,000.

Status – A list of potential users has been generated, and letters have been sent to most of the systems requesting a meeting to discuss their potential participation in the project. RRWSP information pieces have been developed, and for each system, water usage and population projections (if available) are generated for use in the system meetings. Meetings are underway. To date, approximately 11 meetings have taken place, and another 7 are scheduled. An amendment to continue this effort will be requested in June.

8) Water Treatment Plant Analysis Task Order – The federally proposed WTP used pre-treatment, filtration and disinfection processes located near the McClusky Canal. The State project will be using Missouri River water either through a horizontal collector well near Washburn or a conventional intake near Washburn. The location and level of treatment needs to be reviewed. A range of treatment processes will be developed to complement the RRVWSP Concept design and estimate. Estimated cost is \$438,000.

Status – The Bismarck collector well data and the results from the bank filtration study are being used to establish expected conditions in the source water. Overall treatment goals have been drafted that are consistent with the Boundary Waters Treaty for a biota water treatment plant. Alternative treatment processes are being developed to deal with a wide range of goals. Depending on the source of water (river or HCW), processes included are 1) pre-sedimentation with no treatment, 2) pre-sedimentation with chlorination/dechlorination, 3) pre-sedimentation, chlorination/dechlorination with UV, and 4) filtration, sedimentation, chlorination/dechlorination and UV.

9) Implementation Plan – The report will include project costs, operation and maintenance costs, construction schedule, review regulatory issues, and discuss how to implement the project in phases. Estimated cost is \$190,000.

Status – Ongoing

Preliminary Design

The conceptual design is nearly complete and is anticipated to be released in May. Engineering teams are ready to start the preliminary design phase. 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, such as field wetland boundaries, determine trenchless construction boundaries, utility identification, location of valves and blowoffs, and horizontal and vertical layout of pipeline. Estimated cost is \$2,800,000.

Status - Initiated

2) Missouri River Conventional Intake/COE 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 COE 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 – Initiated

3) Financial Modeling – Financial impacts to the local users of the RRWSP under various funding levels, 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 - Initiated

4) Pipeline alignment Washburn to McClusky – Future work

5) Pipeline alignment split to Baldhill Creek – Future work

6) Municipal Advisor – A Request for Proposal for a Municipal Advisor to provide financial advisory services for the RRWSP is underway. The selected firm will work in collaboration with the financial modeling team. The firm selected will have a fiduciary responsibility to GDCD.

Status - Underway

Work Plan Task Order Recommendations	To LAWA/GDCD	Current Estimate
Pipeline Alignment Washburn-McClusky & Land Services (ROE)	June	\$ 595,000
Pipeline from Split to Baldhill Creek (RRV) Land Services (ROE)	June	\$ 576,000
Municipal Advisor RFP	June	\$ 150,000
User Commitments	June	\$ 250,000
Subtotal		\$ 1,571,000

RRVWSP PROJECT DEVELOPMENT AGREEMENT

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

Recitals

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

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

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

Agreement

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

1. Member has reviewed and understands the proposed “Red River Valley Water Supply Project Planning Level Budget” (“Budget”) that is attached hereto as Exhibit A. The

Budget is solely LAWA's best estimate to date of Project Development Costs through June 2017. These estimates are not intended to create a financial limit on contributions, but are presented merely to identify the categories of expenses contemplated by this Agreement and the total Project Development Costs anticipated at this point. LAWA, through Member contributions, is responsible to pay the ten percent local share of the total estimated cost, as depicted on Exhibit A.

2. Member has conducted a meaningful review of its anticipated future water needs and has had the opportunity to consult with engineers and legal professionals regarding Member's anticipated future need and the obligations under this Agreement. The water nomination provided by the Member in this Agreement is Member's best estimate of Member's future water supply needs and represents the capacity the Member intends to contract for, so long as the Member deems the costs to be reasonable. For the limited purposes of the obligations of this Agreement, in furtherance of designing and securing capacity in the Project, Member hereby identifies its future water needs from the Project at ____ acre feet per calendar year, with a peak instantaneous peak flow rate of ____ cubic feet per second (cfs) if the Project is constructed. Of this amount, Member anticipates that its nomination would include ____ acre feet annually for domestic needs and ____ acre feet annually for industrial needs. LAWA commits to reserve and protect sufficient water capacity in the Project to sell this nominated allocation to Member on terms that will obligate Member to pay for capital costs, operation and maintenance costs and payment for a water supply.
3. Member would later expect to negotiate and enter into a LAWA Participation Agreement and a Water Supply Agreement once the Project costs are known, modeled and the Operating Plan is complete. The Participation Agreement and Water Supply Agreement will set forth the terms, conditions and proposed payment structure that will be expected of Member once the Project moves into construction and thereafter into operation and maintenance.
4. This Agreement solely addresses the Member's responsibility for its share of the initial costs associated with and limited to the specific categories identified in Exhibit A, through the later of (1) June 30, 2017 if budgeted funds are expended by that date, or (2) thereafter if the completion of the concept planning and preliminary design extends beyond that date and so long as there are budgeted funds available to complete the concept planning and preliminary design. Member hereby agrees to pay its equitable share of the local share of the Project Development Costs. Member's equitable share is determined as a percentage of the Member's nomination over the total sum of nominations.
5. Member agrees that the funds they pay per this Agreement are non-refundable in any and all cases including, without limitation, if the Project is discontinued or terminated or if Member decides not to further participate in the Project.

6. Member acknowledges and agrees that there are a number of risks, any or all of which could occur, that could have the effect of increasing the cost of the Project and/or delaying and/or terminating the Project, including by way of illustration and not limitation, the following: (i) litigation; (ii) court order; (iii) changes in legislation affecting the Project, LAWA and/or the GDCD; (iv) different environmental risks than those previously identified; (v) increased labor costs or costs of materials; (vi) the need to obtain Federal approval or a Federal permit; (vii) the Federal Government's decision to support the Project; (viii) a change in the State of North Dakota's financial ability to fund its portion of the Project; (ix) climate change and variability; and (x) political interference at the local, state or Federal level. That said, any increase in the identified budgeted costs would require approval of the LAWA Board.
7. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
8. This Agreement (and any interest herein or hereunder) may not be assigned, transferred, pledged, hypothecated or encumbered without the prior written consent of the other party; provided, however, that LAWA may assign this Agreement to GDCD without Member's consent.
9. This Agreement shall be governed by the laws of the State of North Dakota, without giving effect to its choice of laws principles. Venue of any proceedings shall be in the state courts located in Cass County, North Dakota.
10. Members who execute an Agreement for participation in Project Development on or after October 1, 2016 will be considered "latecomers" and will pay those amounts set forth in the LAWA Latecomers Policy attached hereto as Exhibit B, which includes additional contribution required as a risk penalty. Any financial contributions made by latecomers that are not needed to facilitate the addition of the latecomer to the system or otherwise needed for planning, will be considered by the LAWA Board, in its discretion, for reimbursement to entities like this Member who entered agreements to cover development costs on or before October 1, 2016.
11. Contingency: This Agreement is valid and enforceable only if LAWA obtains similar Agreements from other members that represent nominations of at least 100 cfs in the aggregate. If LAWA is unable to secure agreements amounting to 100 cfs to share the costs of this Agreement, this Agreement is null and void and without further effect.

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

LAKE AGASSIZ WATER AUTHORITY

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Its:_____

Red River Valley Water Supply Project Planning Level Budget 8-Jun-16							July 2015 through June 2017		
Conceptual Engineering (July 2015 - June 2016)	% Complete	Current Estimate	Actual		July -Dec 2016	Jan.-June 2017			
			July 15 -May 31	June 2016					
Missouri River Intake Investigation	95%	\$ 1,306,790	\$ 1,100,000	\$ 206,790	\$ -	\$ -			
Horizontal Collector Well	96%	\$ 400,000	\$ 384,367	\$ 15,633	\$ -	\$ -			
Hydraulic and Pump System	98%	\$ 481,081	\$ 470,783	\$ 10,298	\$ -	\$ -			
Pipeline Alignment	97%	\$ 960,000	\$ 931,048	\$ 28,952	\$ -	\$ -			
Discharge System (Baldhill Creek)	64%	\$ 806,000	\$ 513,023	\$ 292,977	\$ -	\$ -			
Land Services	18%	\$ 470,000	\$ 85,474	\$ 384,526	\$ -	\$ -			
Needs Assessment	100%	\$ 150,000	\$ 149,753	\$ 247	\$ -	\$ -			
Water Treatment Plant Analysis	72%	\$ 438,731	\$ 315,305	\$ 123,426	\$ -	\$ -			
Implementation Plan	4%	\$ 190,000	\$ 6,743	\$ 183,257	\$ -	\$ -			
Sub-Total	76%	\$ 5,202,602	\$ 3,956,496	\$ 1,246,106	\$ -	\$ -			
Preliminary Engineering (July 2016 - June 2017)									
Needs Assessment - amendment	June approval	\$ 250,000		\$ 250,000					
Missouri River Conventional Intake Design	Approved	\$ 1,000,000		\$ 1,000,000					
Pipeline Alignment McClusky to Split & Land Services (ROE)	Approved	\$ 2,501,063		\$ 1,400,000	\$ 1,400,000	\$ 1,400,000			
Pipeline Alignment Washburn-McClusky & Land Services (ROE)	June approval	\$ 594,551		\$ 250,000	\$ 250,000	\$ 250,000			
Pipeline from Split to Baldhill Creek (RRV) Land Services (ROE)	June approval	\$ 575,651		\$ 175,000	\$ 175,000	\$ 175,000			
Baldhill Creek Analysis Phase II		\$ 400,000			\$ 400,000	\$ 400,000			
Land Services (Aerial)	Upcoming	\$ 200,000		\$ 200,000					
Main Pump Station and Break Tank	Upcoming	\$ 1,200,000		\$ 500,000	\$ 500,000	\$ 500,000			
Pipeline to CND		\$ 310,000			\$ 310,000	\$ 310,000			
McClusky Canal Intake		\$ 500,000			\$ 500,000	\$ 500,000			
Discharge Design (Sheyenne/Baldhill)		\$ 100,000			\$ 100,000	\$ 100,000			
Water Treatment Plant, does not include pilot		\$ 300,000			\$ 300,000	\$ 300,000			
Sub-Total		\$ 7,931,265	\$ -	\$ -	\$ 3,775,000	\$ 3,935,000			
Administration, Legal and Financial									
Administration (cost & schedule, communications, LAWA)		\$ 120,000	\$ -	\$ 60,000	\$ 60,000	\$ 60,000			
Legal	14%	\$ 564,170	\$ 80,062	\$ 64,108	\$ 210,000	\$ 210,000			
Financial Modeling	5%	\$ 363,800	\$ 19,073	\$ 105,927	\$ 163,800	\$ 75,000			
Municipal Advisor	June approval	\$ 150,000	\$ 99,135	\$ 170,035	\$ 100,000	\$ 50,000			
Sub-Total		\$ 1,197,970	\$ 4,055,631	\$ 1,416,141	\$ 533,800	\$ 395,000			
Total		\$ 14,331,837	\$ 1,274,527	\$ 4,308,800	\$ 4,330,000	\$ 4,330,000			
90% State Cost Share		\$ 12,898,653	\$ 1,274,527	\$ 3,877,920	\$ 3,877,920	\$ 3,897,000			
10% LAWA Cost Share		\$ 1,433,184	\$ 405,563	\$ 141,614	\$ 430,880	\$ 433,000			

EXHIBIT B

LAKE AGASSIZ WATER AUTHORITY

LATECOMER POLICY

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

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

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

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

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

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

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

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

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



2016 Budget Analysis
For the period of January 1, 2016 - May 31, 2016

Income	2016 Budget	Actual as 5/31/16	Balance of Budget
Dues Income	\$ 27,000.00	\$ 27,150.00	\$ (150.00)
Interest Income	\$ 30.00	\$ 25.00	\$ 5.00
Miscellaneous	\$ 50.00	\$ 3.00	\$ 47.00
Cost Share/Development Agr.	\$ 500,000.00	\$ -	\$ 500,000.00
Total Income	\$ 527,080.00	\$ 27,178.00	\$ 499,902.00

Expenses

Dues Expenses	\$ 1,250.00	\$ 1,000.00	\$ 250.00
Accounting	\$ 5,500.00	\$ 5,000.00	\$ 500.00
Directors Expense	\$ -	\$ -	\$ -
Insurance	\$ 482.00	\$ -	\$ 482.00
Service Fees	\$ 66.00	\$ 27.50	\$ 38.50
Water Quality Sampling	\$ 5,000.00	\$ 5,388.33	\$ (388.33)
Engineering	\$ 823,505.00	\$ 55,773.92	\$ 767,731.08
Adm/Legal/Financial	\$ 72,000.00		\$ 72,000.00
Total Expenses	\$ 907,803.00	\$ 67,189.75	\$ 840,613.25

Account Activity

Beg. Bank Balance 1-1-16		\$ 592,096.98
Income Received		\$ 27,178.00
Total Funds Available		\$ 619,274.98
Service Fees	\$ 27.50	
#1119 Water Coalition	\$ 1,000.00	
#1120 EideBailly	\$ 5,000.00	
#1121 Garrison Diversion	\$ 5,388.33	
#1122 VOID	\$ -	
#1123 VOID	\$ -	
#1124 Garrison Diversion	\$ 55,773.92	

Total Expenses	\$ 67,189.75	
Ending Bank Balance		\$ 552,085.23