

LAWA Financial Advisory Committee

**1:30 p.m.
August 20, 2024**

**City Hall – 2nd Floor Conference Room
255 N 4th Street, Grand Forks, ND 58203**

A G E N D A

1. Welcome and Introductions
2. **Approval of Minutes**
 - A. >January 9, 2024
3. **LAWA Agreed Upon Procedures (AUP) Budget Increase:**
 - A. >Review Letter of Engagement of Eide Bailly
4. Project Cost Outlay Updates – Review latest BND amortization revisions
5. Series D2 Interim Finance Agreement
 - A. >Request for Loan Draw Extension
 - B. >Bank of North Dakota Memo
6. >User Engagement Status
7. Federal Funding Update:
 - A. Senator Hoeven Proposed ENDAWS Funding Overview
 - B. Review of Eligible Project Components
 - C. Potential Benefits to State and Local Users
8. Current MR&I Project Funding Update:
 - A. Potential Near Term Funding Amounts
 - B. Local Match Requirements and Alternatives
9. Federal Cost of Water Review:
 - A. Current Status of Negotiations with Bureau of Reclamation
 - B. Project Cost Impacts under Alternative Cost of Water Proposals

The following minutes are in draft form subject to review and approval by the LAWA Financial Advisory Committee at its next meeting.

24-01

**LAKE AGASSIZ WATER AUTHORITY
FINANCIAL ADVISORY COMMITTEE**

**Advanced Engineering and Environmental Services
Grand Forks, North Dakota
January 9, 2024**

A meeting of the Lake Agassiz Water Authority (LAWA) Financial Advisory Committee (FAC) was held on January 9, 2024, at Advanced Engineering & Environmental Services (AE2S) in Grand Forks.

The meeting was called to order by Co-Chair Maureen Storstad at 1:30 p.m.

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 MINUTES

Motion by Ken Vein to dispense with a reading of the July 10, 2023, Financial Advisory Committee minutes and approve them as distributed. Second by Brian Johnson. Upon voice vote, motion carried.

2024 LAWA PROPOSED BUDGET

Merri Mooridian, Secretary, reviewed the proposed 2024 LAWA Budget included with the meeting materials, stating this is a slimmed down budget due to the bonding that has been done for the RRVWSP with Series C, which is the 2021-2023 biennium, and also Series D, which is the 2023-2025 biennium. This now goes into bond payments. Garrison Diversion is doing the bonding so the payments will be made to Garrison Diversion.

Ms. Mooridian added what is shown on the 2024 proposed budget includes everything that comes through the LAWA checking account. Projected income is \$80,000. This includes dues income of \$30,000 and cost share for anything outside of Series C and D of \$50,000. Expenses for the year are \$205,550, which includes dues expenses, accounting, directors expense, insurance, engineering fees outside of Series C and D, and legal fees. A copy of the budget is attached to these minutes as Annex II.

Chair Storstad commented any expenses that come up throughout the year and are not included in the proposed budget would result in the budget needing to be amended.

Motion by Brian Johnson to approve the proposed 2024 LAWA Budget. Second by Ken Vein. Upon voice vote, motion carried.

COST ALLOCATION MODEL REVIEW AND RECOMMENDATIONS

Shawn Gaddie, AE2S, stated along with discussing proposed changes to the cost allocation model approach, there will be some materials shared today regarding the new build of the financial model and the output resulting from these changes.

Mr. Gaddie added there has been recent financial success for the RRVWSP working with the Bank of North Dakota on modifying and adding flexibility, including the ability to sculpt the debt, which has been built into the financial forecast.

After building out the financial model, the financing team has been looking at recommended changes for simplification of the overall allocation model before going out to all the users to ask for their commitments through the Project Participation Agreement (PPA) in 2024 and leading into next year's legislative session.

In addition, the allocation model has been updated to include the ENDAWS alternative versus the previous state project.

Mr. Gaddie provided an allocation alternative review outlining the original proposal and how it is working, reasons for revisions, proposed changes and results summary.

Key drivers for revisions included:

- Varied Cost by Use Type
- Project Changes
- Simplification
- Equitable
- Policymaker Support

Current Four-Tier Methodology Review

Mr. Gaddie said, in essence, the whole underlying concept of the four-tier model was building a model of incremental pricing. The four-tier model considers the user's need, access and location relative to the core project. The tiers represent incremental pricing of upsizing the project to meet additive needs.

The other thing embedded into the model was the idea of user groupings considering how much of the core pipeline project the user was actually benefitting from. The project overall was not one big cost curve. It essentially was built into four separate cost curves based on the user groups. The financing team, through all of the review meetings over the past few months, decided to keep the user group component in the tier-two model.

The four tiering assignments for domestic and industrial nomination tiers were reviewed based on location and need for the project as a refresher for the committee.

Proposed Two-Tier Alternative

Mr. Gaddie reviewed the considerations and revisions presented for the proposed new two-tier approach:

Varied Cost by Use Type – Concerns over pricing different use types differently (one water):

- Better balance benefits between domestic and industrial water (i.e., same tiering) while maintaining the user group philosophy

Project Changes – Current methodology (from 2016) may not match current project:

- Updated model to reflect new cost estimates and ENDAWS alternative

Simplification – Current four-tier approach is complex and could be simplified:

- Assign user to two tiers to eliminate complex four-tier assignment methodology

Policymaker Support – Simplify discussions with elected officials to solidify project support for broad user execution of the PPA:

- No longer explicitly defining industrial water as ‘cheapest’ and reduced tiering for easier explanation.

Equitable – Ensuring financial impacts are not disparate across users:

- Results reviewed to ensure financial impacts are in line with benefits being received from the project.

Mr. Gaddie also explained the proposed tiering assignments for the two-tier approach:

Domestic Usage

- Tier 1: Large current drought need or supply replacement
- Tier 2:
 - Minor shortage during droughts
 - Redundant supply needs or return flows (2nd to use water)
 - Significant additional access infrastructure required

Industrial Usage

- Tier 1: On the core system (direct pipeline or direct river access)
- Tier 2: Requires significant additional access infrastructure

Mr. Gaddie noted how a user chooses to access the project is important in terms of how they ultimately would be assigned to a tier system. An example would be the users in the northeast corner of the state. They could either access off the river system or the Beach Ridge pipeline.

Mr. Gaddie added there is future variability, after going through all of the user meetings, that will need to be incorporated, and it will continue to shift the outputs as more is learned about how users, both in amount and in location, intend to use the project.

Mr. Gaddie presented and reviewed a current versus proposed tier assignment table. This is a summary table showing where the user was and where it is proposed the user will be under the newly recommended model. Current versus proposed allocation results were also presented. This information will be reviewed with each of the users at the upcoming user meetings.

Mr. Gaddie reported there have been multiple discussions with LAWA leadership, some of the smaller users, along with the financing, consulting and Garrison Diversion teams to test this new approach. The simplified concept, which is easier to explain and apply moving forward, was well received.

PROPOSED FINANCIAL MODEL RESULTS SUMMARY COMPARISON

Mr. Gaddie also shared the project financial forecasts and projected costs for users showing the differences between how the old and the new model are outputting the results. Previously, there was a little higher capital cost overall. There was a more traditional level debt repayment. There also were key unique features on the startup of debt service repayment. Currently, one of the big things with Series D is the ability to not only shape how the principal is repaid, there is also the ability to shape how repayment begins on the loan overall. Early on, with the way the loan is set up with the deferrals, the interest only period and the shaped principal payments, users will be paying less overall than they would have under the old model.

Graphics of the projected total annual cost allocation and projected monthly user bill impact, showing the City of Grand Forks, were presented via PowerPoint. Simplified charts will be prepared for all systems showing the cost difference for users. Ultimately, when the project is complete (2031-2032 timeframe), the graphic shows Grand Forks' annual repayment obligation is approximately \$2.15 million under the new model. Under the old model, it would have been short of \$2.4 million. Even though Grand Forks' allocation went up, they are projected to pay about \$300,000 less annually. The \$2.15 million includes repayment of the debt service and operating obligations of the baseline project.

Mr. Gaddie added there are some instances where costs in the new model are above what the old model was projected to be. That is primarily associated with just the allocation model changes overall.

Chair Storstad said the recommendation before the committee is to approve the proposed two-tier cost allocation approach. It seems to be more equitable, a simpler design and easier to explain with minimal impacts.

Questions from the committee were addressed by Chair Storstad, Mr. Gaddie and Ms. Mooridian.

Motion by Ken Vein to recommend approval of the proposed RRVWSP two-tier cost allocation methodology to the LAWA Board of Directors. Second by Director Susan Thompson. Upon voice vote, motion carried.

DRAFT USER COST SUMMARY REVIEW FOR USER OUTREACH MEETINGS

Mr. Gaddie distributed a copy of a RRVWSP System Financial Summary that was prepared for the City of Carrington as a handout. This addresses all the issues just described in the allocation model, the project costs, and how those costs are being allocated down to an individual user basis.

The handout includes a description of the RRVWSP's current financial projections, what has taken place with the state as far as cost share, legislative intent and potential for federal funding. It contains a summary of all the project cost components, including local capital cost share, operating, maintenance, administration and reserve requirements. Also included is a

simple description for the specific user regarding their tiered allocation and how the allocation was arrived at, along with individual user's debt service and projects costs. In addition, the handout shows, based on the user's characteristics, what that would represent on a per user monthly billing. Lastly, the handout describes the three key periods of project implementation from construction to completion, all of the financing to be incurred and the debt repayment with the shaped financing taking affect.

Mr. Gaddie said the financing and user outreach teams will continue to work through financial summaries internally and make any needed modifications. Based on everything presented today, this is the simplified two-page approach to lead with when meeting with the users in the coming months.

Mr. Gaddie added the individual summary sheet lets the users know where they are at with their current nomination. If the user(s) would like to adjust their nomination, this would all change.

Chair Storstad commented the idea of holding the upcoming user outreach meetings in more regional group-like segments has been suggested, including a Garrison Diversion representative(s) and a LAWA representative(s) from that area. If a specific user would like its own individual meeting, that could be arranged.

Mr. Gaddie said once the two-tiered approach is presented to the LAWA board and approved, the user outreach meetings could begin in February or March.

OVERVIEW OF UPCOMING MEETINGS AND ACTIVITIES

Chair Storstad reported the LAWA Board of Directors meeting is January 16 at the City Commission Chambers in Fargo.

Ms. Mooridian said the Garrison Diversion Board meets January 11 and 12 in Carrington.

The Red River Basin Commission Conference is being held January 16-18, and the Rural Water Expo is taking place February 6-8. Both of these meetings are being held in Fargo, and there will be RR/VWSP and LAWA display booths at both events.

Motion by Brian Johnson to adjourn the meeting. Second by Chair Storstad. Upon voice vote, motion carried.

The meeting ended at 11:10 a.m.

Maureen Storstad, Co-Chair

Merri Mooridian, Secretary

REGISTRATION

LAWA Finance Committee Meeting
AE2S, Fargo, ND
January 9, 2023

NAME	ADDRESS
Lisa Schaper	GDCD
Mari M. Misk	GDCD
STAN GADDIE	AE2S
Maureen Storstad	City of Grand Forks
Ken Vein	GDCD/LAWA
Jason Sievert	GDCD
KEITH MYKLESETH	EGF
BRIAN JOHNSON	EGF
Steve Burica	Burica & Associates
Tami Norgard	Vogel Law Firm
Kimberly Cook	GDCD
Greg Bischoff	GDCD
Pat Callahan	GDCD
On Line	
Duane DeKrey	Garrison Diversion
Alan Walter	Garrison Diversion
Steve Metzger	Garrison Diversion
Michael Redlinger	City of Fargo
Troy Hall	City of Fargo
SuSan Thompson	City of Fargo
Tim Mahoney	City of Fargo
John Shockley	Ohnstad/Twichell
Hiedi Delorme	City of West Fargo
Jacob Strombeck	Advanced Engineering



**Budget
2024**

Income

Dues Income	\$	30,000.00
Miscellaneous	\$	-
Cost Share-Interim Finance	\$	50,000.00
Total Income	\$	80,000.00

Expenses

Dues Expenses	\$	6,500.00
Accounting	\$	6,500.00
Directors Expense	\$	500.00
Insurance	\$	550.00
Construction	\$	-
Engineering	\$	50,000.00
Property Acquisiton/Easements	\$	-
Adm/Legal/Financial	\$	141,500.00
Total Expenses	\$	205,550.00

Anticipated Bank Activity

Beginning Bank Balance 1-1-24	\$	380,851.56
Income Budget	\$	80,000.00
Expense Budget	\$	205,550.00
Anticipated Bank Balance 12-31-24	\$	255,301.56



July 30, 2024

Lake Agassiz Water Authority
PO Box 140
Carrington, ND 58421-0140

This letter sets forth our understanding for applying agreed-upon procedures as described below of Lake Agassiz Water Authority (LAWA) as of or for the periods ended December 31, 2022 and 2023. LAWA is responsible for the procedures being performed.

This engagement is solely for the purpose of reporting our findings regarding the results of the procedures performed. This report is intended for use by the Board of Directors of LAWA and is expected to be restricted to the use of these specified parties.

Prior to the completion of the engagement, you agree to provide us with written agreement and acknowledgment that the procedures performed are appropriate for the intended purpose of the engagement as noted above.

As part of our engagement, we will request from management written confirmation concerning representations made to us in connection with the agreed upon procedures. This will include confirmation that we have obtained from all necessary other parties' agreement to the procedures and acknowledgement that the procedures performed are appropriate for their purposes. You agree to provide such confirmation.

Our Responsibilities

The objective of our engagement is to:

- a) Apply specific procedures to the subject matter.
- b) Issue a written report that describes the procedures applied and our findings without providing an opinion or conclusion on the subject matter.
- c) Communicate further as required by professional standards applicable to an agreed-upon procedures engagement.

We will apply the following procedures:

1. Review bank statements and bank reconciliations and agree to financial statements for each year using December as the test month.
2. Review process of membership acceptance and related dues billings. Select sample of five member entities for each year and trace actual payment of dues from dues report to bank deposit.
3. Review process / procedures for cost share billings and determine if cost share billing agree to process and procedures for billing cost share. Select a random sample of five cost share transactions and trace to bank deposit. Verify that amounts paid are in agreement to the Series A and B financing agreements.
4. Sample expenditures for supporting documentation and related approvals. Select three disbursements per year that includes at least one payment to Garrison.
5. Review process of financial reporting to the LAWA Board of Directors and determine adequacy. Review actual Board financial report for one random meeting per year.
6. Determine if appropriate internal controls are in effect for cash disbursements. Make recommendations for improvement in controls, if considered necessary. Validate that each check (sampled in number 4 previously) includes two authorized check signer signatures and one is the chairman of the LAWA board.
7. Determine if appropriate internal controls are in effect for cash receipts. Make recommendations for improvement in controls, if considered necessary.

We will conduct our engagement in accordance with the attestation standards for agreed-upon procedures engagements established by the American Institute of Certified Public Accountants. We are responsible for carrying out the procedures and reporting findings in accordance with these standards. We are not engaged to, and will not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. Accordingly, we will not express an opinion or conclusion. We have no responsibility to determine the differences between the procedures to be performed and the procedures that we would have determined to be necessary had we been engaged to perform another form of attestation engagement. The procedures that we perform pursuant to the agreed-upon procedures engagement may be more or less extensive than the procedures that we would determine to be necessary had we been engaged to perform another form of engagement.

Your Responsibilities

The engagement to be performed will be conducted on the basis that you acknowledge and understand that our role is to perform an agreed-upon procedures engagement in accordance with attestation standards established by the AICPA and that you acknowledge and understand that you have responsibility:

- a) for the subject matter;
- b) to agree to and acknowledge that the procedures described in the attachment to this letter are appropriate for the intended purpose of the engagement; and

- c) to provide us, prior to the completion of the engagement, with a letter that confirms certain representations made to us during the course of the engagement. If any modifications, including any additions or subtractions, are made to the procedures described in the attachment to this letter, you will agree to the procedures performed and acknowledge that such procedures are appropriate for the intended purpose of the engagement.

Our Report

Upon completion of our engagement, we will issue a written report. Our report will list the procedures performed and our findings. Our report will be addressed to LAWA and will be intended for use by and restricted to the use of the specified parties as identified above. Our report will contain such restricted-use language.

Our report will state the intended purpose of the engagement and will include a statement that you agreed to and acknowledged that the procedures are appropriate to meet the intended purpose of the engagement. The report will state that it may not be suitable for any other purpose.

Our report will include a statement that the procedures performed may not address all items of interest to the users of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Should we have any reservations with respect to the subject matter, we will discuss them with you before the report is issued.

We have no responsibility to update our report for events and circumstances occurring after the date of our report.

Other Matters

During the course of the engagement, we will only provide confidential engagement documentation to you via Eide Bailly's secure portal or other secure methods, and request that you use the same or similar tools in providing information to us. Should you choose not to utilize secure communication applications, you acknowledge that such communication contains a risk of the information being made available to unintended third parties. Similarly, we may communicate with you or your personnel via e-mail or other electronic methods, and you acknowledge that communication in those mediums contains a risk of misdirected or intercepted communications.

Should you provide us with remote access to your information technology environment, including but not limited to your financial reporting system, you agree to (1) assign unique usernames and passwords for use by our personnel in accessing the system and to provide this information in a secure manner; (2) limit access to "read only" to prevent any unintentional deletion or alteration of your data; (3) limit access to the areas of your technology environment necessary to perform the procedures agreed upon; and (4) disable all usernames and passwords provided to us upon the completion of procedures for which access was provided. We agree to only access your technology environment to the extent necessary to perform the identified procedures.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

Brian Stavenger is the engagement partner for the services specified in this letter. The engagement partner's responsibilities include supervising services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the agreed-upon procedures report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses, administrative charges and a technology fee. Invoices are payable upon presentation. We estimate that our fee for the engagement will be as follows:

Agreed-upon procedures	\$ 7,500
Technology fee	<u>375</u>
Total	<u>\$ 7,875</u>

The ability to perform and complete our engagement consistent with the estimated fee included above depends upon the quality of your underlying accounting records and the timeliness of your personnel in providing information and responding to our requests. To assist with this process, we will provide you with an itemized request list that identifies the information you will need to prepare and provide in preparation for our engagement, as well as the requested delivery date for those items. A lack of preparation, including not providing this information in an accurate and timely manner, unanticipated adjustments, and/or untimely assistance by your personnel may result in an increase in our fees and/or a delay in the completion of our engagement.

We may be requested to make certain engagement documentation available to outside parties, including regulators, pursuant to authority provided by law or regulation or applicable professional standards. If requested, access to such engagement documentation will be provided under the supervision of Eide Bailly LLP's personnel. Furthermore, upon request, we may provide copies of selected engagement documentation to the outside party, who may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in making such engagement documentation available or in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our agreed upon procedures are completed and a report issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

We will maintain the confidentiality of your personal information and will apply procedures to protect against any unauthorized release of your personal information to third parties.

We agree to retain our attest documentation or workpapers for a period of at least eight years from the date of our report.

We may use third party service providers and/or affiliated entities (including Eide Bailly Shared Services Private Limited), whether located within or outside the United States, (collectively, “service providers”) in order to facilitate delivering our services to you. Our use of service providers may require access to client information by the service provider. We will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the confidentiality of client information accessed by such service provider and any work performed by such service provider. You acknowledge that your information may be disclosed to such service providers, including those outside the United States.

Neither of us may use or disclose the other’s confidential information for any purpose except as permitted under this engagement letter or as otherwise necessary for Eide Bailly to provide the services. Your confidential information is defined as any information you provide to us that is not available to the public. Eide Bailly’s confidential information includes our documentation for this engagement. Our documentation shall at all times remain the property of Eide Bailly LLP. The confidentiality obligations described in this paragraph shall supersede and replace any and all prior confidentiality and/or nondisclosure agreements (NDAs) between us.

Eide Bailly LLP is a member of HLB International, a worldwide organization of accounting firms and business advisors, (HLB). Each member firm of HLB, including Eide Bailly LLP is a separate and independent legal entity and is not owned or controlled by any other member of HLB. Each member firm of HLB is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of HLB or any other member firm of HLB and hereby specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of HLB.

Eide Bailly LLP formed The Eide Bailly Alliance, a network for small to mid-sized CPA firms across the nation. Each member firm of The Eide Bailly Alliance, including Eide Bailly LLP, is a separate and independent legal entity and is not owned or controlled by any other member of The Eide Bailly Alliance. Each member firm of The Eide Bailly Alliance is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of The Eide Bailly Alliance or any other member firm of The Eide Bailly Alliance and hereby specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of The Eide Bailly Alliance.

MEDIATION

Any disagreement, controversy or claim arising out of or related to any aspect of our services or relationship with you (hereafter a “Dispute”) shall, as a precondition to litigation in court, first be submitted to mediation. In mediation, the parties attempt to reach an amicable resolution of the Dispute with the aid of an impartial mediator. Mediation shall begin by service of a written demand. The mediator will be selected by mutual agreement. If we cannot agree on a mediator, one shall be designated by the American Arbitration Association (“AAA”). Mediation shall be conducted with the parties in person in Fargo, ND. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties. Neither party may commence a lawsuit until the mediator declares an impasse.

LIMITED INDEMNITY

Eide Bailly LLP and its partners, affiliates, officers and employees (collectively “Eide Bailly”) shall not be responsible for any misstatements in the information provided to us to complete our engagement that we may fail to detect as a result of misrepresentations or concealment of information by any of your owners, directors, officers or employees. You shall indemnify and hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys’ fees arising from any such misstatement or concealment of information.

If through no fault of Eide Bailly we are named as a party to a dispute between you and a third party, you shall indemnify and hold Eide Bailly harmless against any losses, damages, settlements, judgments, awards, and the costs of litigation (including attorneys’ fees) we incur in connection with the dispute.

Eide Bailly shall not be entitled to indemnification under this agreement unless the services were performed in accordance with professional standards in all material respects.

LIMITATION OF LIABILITY

The exclusive remedy available to you for any alleged loss or damages arising from or related to Eide Bailly’s services or relationship with you shall be the right to pursue claims for actual damages that are directly caused by Eide Bailly’s breach of this agreement or Eide Bailly’s violation of applicable professional standards. In no event shall Eide Bailly’s aggregate liability to you exceed two times fees paid under this agreement, nor shall Eide Bailly ever be liable to you for incidental, consequential, punitive or exemplary damages, or attorneys’ fees.

TIME LIMITATION

You may not bring any legal proceeding against Eide Bailly unless it is commenced within twenty-four (24) months (“Limitation Period”) after the date when we delivered our report, return, or other deliverable under this agreement to you, regardless of whether we do other services for you or that may relate to the agreed-upon procedures. The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of a possible Dispute.

GOVERNING LAW AND VENUE

Any Dispute between us, including any Dispute related to the engagement contemplated by this agreement, shall be governed by Minnesota law. Any unresolved Dispute shall be submitted to a federal or state court located in Minneapolis, Minnesota.

ASSIGNMENTS PROHIBITED

You shall not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly to any person.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement including our respective responsibilities.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Respectfully,



Brian Stavenger, CPA
Partner

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Lake Agassiz Water Authority by:

Name: _____

Title: _____

Date: _____



GARRISON DIVERSION
 CONSERVANCY DISTRICT
 P.O. BOX 140
 CARRINGTON, N.D. 58421
 (701) 652-3194
 gdcd@gdcd.org
 www.garrisondiversion.org

May 30, 2024

Kylee Merkel, CPA
 Bank of North Dakota
 P.O. Box 5509
 Bismarck ND, 58506-5509

Re: Series D Small Systems Financing – Request for Loan Draw Extension

Dear Kylee:

Thank you for your assistance with our most recent inquiry regarding the Series D financing of the small systems share of the Red River Valley Water Supply Project (RRVWSP). Per our discussions, Garrison Diversion Conservancy District and Lake Agassiz Water Authority are currently engaging with potential project participants to secure commitments for the remainder Series D financing amount of \$11,302,440.

Discussions with small systems are proceeding positively, but as you can imagine, the process of securing approvals from nearly 30 rural water boards, city councils, and city commissions is a large undertaking. Therefore, we do not expect we will have the ability to draw on this portion of the approved financing within the required 1-year period from the loan approval date of August 17, 2023. For this reason, we are respectfully requesting a 6-month extension, allowing us to finalize commitments for the remaining systems.

We appreciate your consideration of this request. Should you have any questions or require additional clarification, please feel free to contact me via email (merrim@gdcd.org) or my cell phone (701-320-1904).

Sincerely,

Merri Mooridian
 Deputy Program Manager - RRVWSP

TO: Governor Doug Burgum
Members of the State Water Commission

FROM: Kylee Merkel, Bank of North Dakota

SUBJECT: Water Infrastructure Revolving Loan Fund Request (Extension)
Garrison Diversion Conservancy District

DATE: June 18, 2024

At the August 2023 meeting of the State Water Commission, the Commission approved two loans to the Garrison Diversion Conservancy District (District). The two loans totaled \$60,000,000, with a 40-year repayment term, from the Water Infrastructure Revolving Loan Fund. Proceeds of the loans are to be used for the 25% local cost share of the Red River Valley Water Supply project.

The total loan amount requested by the district is the amount of local cost share for the 2023-2025 biennium. The local share will be funded as two separate loans, with each evidenced by a Financing Resolution. The Series D1 Resolution will be executed by the District, Lake Agassiz Water Authority, and the Cities of Fargo and Grand Forks. The Series D1 Resolution will cover the amount allocated to the Cities of Fargo and Grand Forks, based on their current nomination percentages. The Series D1, in the amount of \$48,697,560, has closed and the District is requested funds as the projected is constructed.

The Cities of Fargo and Grand Forks requested that the District meet with all the small systems to determine their definitive nomination percentages. Following meeting with the small systems, the District will recalculate the nomination percentages for all systems, including the Cities of Fargo and Grand Forks. The Series D2 Resolution will cover these new nomination percentages. Each system will execute this resolution and be responsible to service the debt based on their respective nomination percentage. The Series D2, in the amount of \$11,302,440, will be closed on second. At the time of loan approval, the estimated timeframe of closing this loan was the end of 2023 or beginning of 2024.

Following allocation of a loan from the State Water Commission, loans from the Water Infrastructure Revolving Loan Fund are formally approved by BND, and have a one-year commitment expiration. Loans are to close and take an initial advance within the one-year timeframe, or BND reserves the right to withdraw the commitment.

The Series D2 loan has not yet closed. The District is currently engaging with the project participants to secure the commitments, to allow for the recalculation of the nomination percentages. The discussions are proceeding positively, but are taking time to secure approvals from the respective boards, councils and commissions of the participants. The District is requesting a 6-month commitment extension, to allow them to finalize the commitments of these participants.

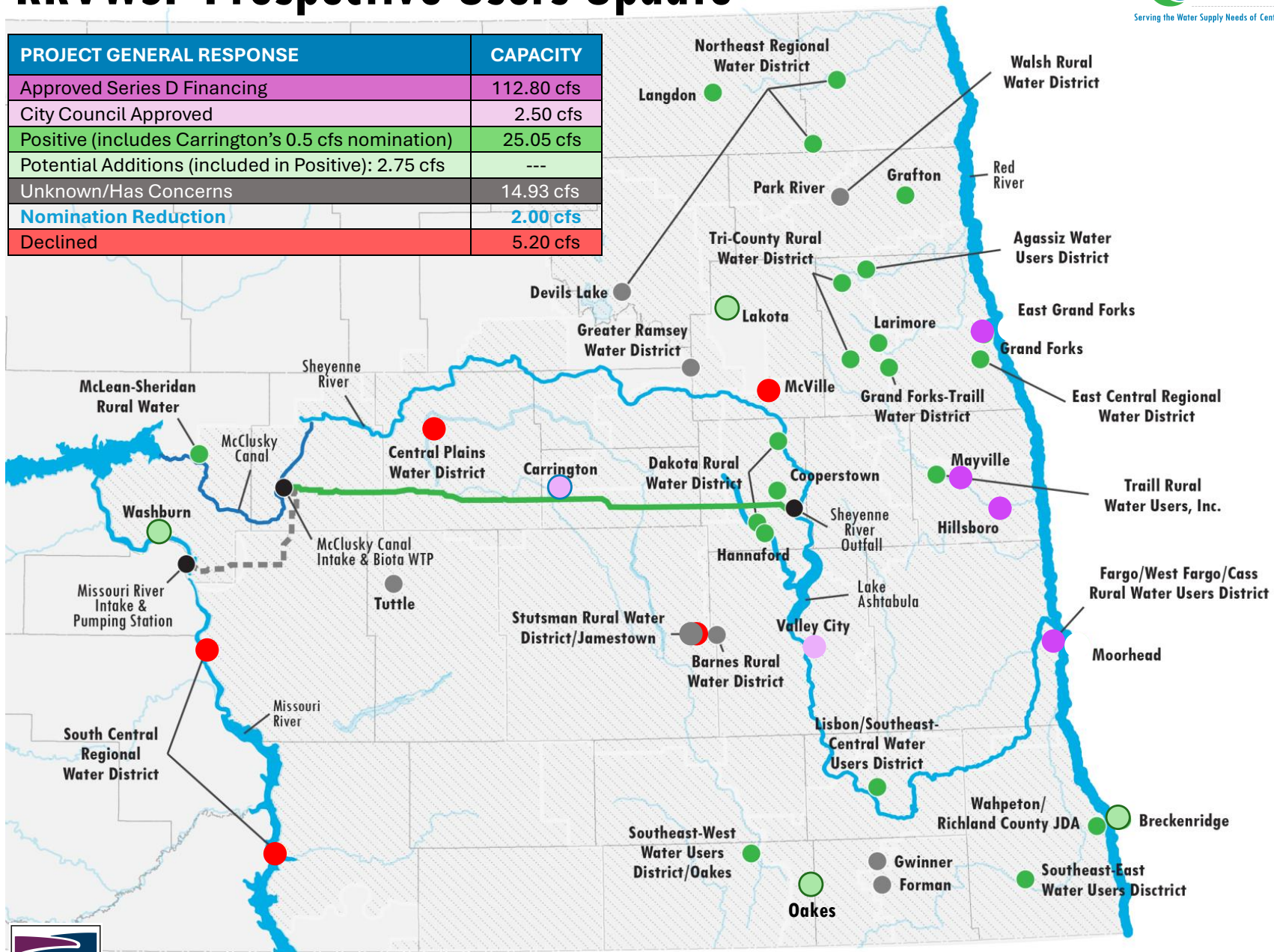
This correspondence should not be considered an approval of the extension. Following the recommendation for the 6-month extension by the State Water Commission, the Bank of North Dakota will proceed with formally reviewing and approving the extension in accordance with BND loan policy.

The Water Infrastructure Revolving Loan Fund currently has cash on hand of \$19.1 million and access to a \$100 million line of credit. There are currently \$65.5 million of outstanding loan commitments. There is currently \$53.6 million of capacity available for new loan commitments.

RRVWSP Prospective Users Update



PROJECT GENERAL RESPONSE	CAPACITY
Approved Series D Financing	112.80 cfs
City Council Approved	2.50 cfs
Positive (includes Carrington's 0.5 cfs nomination)	25.05 cfs
Potential Additions (included in Positive): 2.75 cfs	---
Unknown/Has Concerns	14.93 cfs
Nomination Reduction	2.00 cfs
Declined	5.20 cfs



RRVWSP Prospective Users Update

August 1, 2024

ANTICIPATED PROJECT PARTICIPANTS	NOMINATION (CFS)	GENERAL RESPONSE
Fargo/ West Fargo/ Cass Rural Water District/Moorhead Public Service	83.70	Approved Series D Financing
Grand Forks/East Grand Forks	28.10	Approved Series D Financing
Jamestown	11.00	Unknown with Possible Nomination Decrease
Wahpeton	4.50	Previously Withdrew but Now Positive
East Central Regional Water District (Grand Forks Trail, Traill Rural, Larimore)	4.40 (3.00, 1.10, 0.30)	Positive with Concerns
Stutsman Rural Water District	4.00	Declined
Northeast Regional Water District / Langdon	3.20	Positive with Concerns
Southeast Water Users District	2.50	Positive with Possible Nomination Increase
Grafton	2.00	Positive
Richland County	2.00	Positive
Valley City	2.00	City Council Approved with Nomination Increase
Breckenridge	1.50	Positive, Expected Addition
Walsh Rural Water District	1.00	On the fence
Agassiz Water District	1.00	Positive with Concerns
Tri-County Rural Water District	1.00	Positive
Devils Lake	1.00	On the Fence with Discussion of Branch Pipeline Terminations
Greater Ramsey Rural Water	1.00	On the Fence
Dakota Rural Water District	0.70	Positive with Possible Nomination Increase
Central Plains Water District	0.60	Declined
Oakes	0.60	Potential addition
Carrington	0.50	City Council Approved with Nomination Reduction
Mayville	0.50	Approved Series D Financing
Hillsboro	0.50	Approved Series D Financing
Barnes Rural Water District	0.50	Previously Withdrew but Reconsidering
South Central Regional Water District	0.50	Declined
Washburn	0.45	Positive with Concerns
McLean-Sheridan Water District	0.42	Positive
Park River	0.40	Did Not Attend Regional Meeting in Grafton
Lisbon	0.33	Positive with Possible Nomination Increase
Lakota	0.20	Potential addition with discussion of branch pipeline terminations
Cooperstown	0.20	Positive
McVie	0.10	Declined
Hannaford	0.05	Will be served by Dakota Rural Water District in the future
Tuttle	0.02	On the fence
Forman	0.01	Considering

PROJECT GENERAL RESPONSE	CAPACITY
Approved Series D Financing	112.80 cfs
City Council Approved	2.50 cfs
Positive (includes Carrington's 0.5 cfs nomination)	25.05 cfs
Potential Additions (included in Positive): 2.75 cfs	---
Unknown/Has Concerns	14.93 cfs
Nomination Reduction	2.00 cfs
Declined	5.20 cfs