Lake Agassiz Water Authority

FINANCIAL ADVISORY COMMITTEE

JULY 28, 2026

MEETING: Financial Advisory Committee

DATE AND TIME: 7/28/26 @ 10:00am CST

LOCATION: AE2S - 150 Garden View Drive #200, Grand Forks, ND & Virtual - (link bottom of agenda)

1. Call to Order
2. Roll Call
3. **Consideration of Minutes – June 25, 2026**
4. Financial Modeling Finalization and Update - *Shawn*
    a. Multi-Series True-up Correction
    b. Incorporating Considerations for Programmatic Cost Update
    c. Operation, Maintenance, Administration, and Reserve
    d. Updated User Projections
    e. User Financial Summary Handout – Mock-up Review
5. User Outreach – *Spencer/Shawn*
    a. Project Progress
    b. Reintroduction Video Production Storyboard Overview
6. LAWA Lobbying Services Procurement Strategy - *Spencer*
7. **Designate Depositors for LAWA Operational Funds – Gate City Bank** - *Spencer*
8. **Designate Authorized Agents for LAWA** - *Spencer*
9. LAWA Proposed 2027 Budget – *Susan/Maureen/Spencer*
10. Notice of Upcoming Meetings
    a. LAWA Board – August 6 @ 10am – Fargo City Commission Chambers
    b. LAWA Board (Special) – August 12 @ 10am - Virtual
11. Adjourn

MEETING INFORMATION
https://teams.microsoft.com/meet/224573630063848?p=Q95O26FMMUxPEbYSQY
Meeting ID: 224 573 630 063 848
Passcode: c3sd3sh9
+1 701-566-0964,,177503616#
Phone conference ID: 177 503 616#

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

LAKE AGASSIZ WATER AUTHORITY
FINANCIAL ADVISORY COMMITTEE

Advanced Engineering and Environmental Services
Grand Forks, North Dakota
June 25, 2026

A meeting of the Lake Agassiz Water Authority (LAWA) Financial Advisory Committee (FAC) was held on June 25, 2026, at Advanced Engineering & Environmental Services (AE2S) in Grand Forks.

The meeting was called to order by Co-Chair Maureen Storstad at 10:00 a.m.

A copy of the registration sheet is attached to minutes (Annex I).

The meeting was recorded to assist with compilation of the minutes.

WELCOME AND INTROUCTIONS

Co-Chair Maureen Storstad welcomed everyone and called on those in attendance to introduce themselves. The names of those attending virtually were read aloud by Shawn Gaddie, AE2S.

MEMBERS PRESENT

Maureen Storstad, Co-Chair
Susan Thompson, Co-Chair
Tom Erdmann (by video conference)
Bernie Dardis (by video conference)
Todd Feland
Brenda Klein (by video conference)
Wyatt Papenfuss
Michael Redlinger (by video conference)
Spencer Halvorson, Acting Secretary

MEMBERS ABSENT

Jeremy Schuler
Secretary Merri Mooridian

CONSIDERATION OF MINUTES

Motion by Co-Chair Susan Thompson to dispense with a reading of the April 30, 2026, Financial Advisory Committee minutes and approve them as distributed. Second by Wyatt Papenfuss. Upon voice vote, motion carried.

<u>WORK SESSION</u>

Co-Chair Storstad stated the purpose of the work session is to review several underlying financial considerations regarding the Red River Valley Water Supply Project (RRVWSP), apprise the FAC members of the financial model update that is in progress and discuss materials and deliverables to be developed for the upcoming user outreach meetings.

Financial Model Overview

Shawn Gaddie, AE2S, reported the financing team is actively updating the RRVWSP financial model, with the previous comprehensive update having been completed in 2024. At that time, the model reflected conditions similar to the current biennium and was used to support the final round of user outreach discussions.

Since then, the project has advanced significantly. Additional financing has been secured, more accurate cost information is available, and the project has transitioned from the Project Development Agreement participation framework to executed Memorandums of Commitment (MOC). The financial model has been updated to reflect these changes, resulting in several adjustments to its underlying structure and calculations.

Mr. Gaddie said the model is nearing completion, but the team is seeking guidance on several key assumptions and policy considerations before finalizing the updated financial projections.

Mr. Gaddie explained one of the most significant factors affecting the updated financial model is the incorporation of current and potential federal funding. The financing team would like to refresh everyone on the tiered cost allocation model, which is now based on the executed MOCs rather than the earlier Project Development Agreement participation assumptions.

He noted that the financing structure has also advanced considerably since the last model update. At that time, the model only projected financing through Series D1. Since then, Series D1, D2, E, and F have all been completed. Working with Garrison Diversion and the Bank of North Dakota, the financing team has incorporated the actual amortization schedules for those financing series into the model, providing a more accurate basis for projecting future debt service, including the anticipated Series G financing.

Mr. Gaddie said the model also accounts for a planned true-up process, which has always been anticipated as additional financing was completed. Based on the project's current status, that true-up is now expected to be addressed as part of the Series G financing.

In addition to financing updates, the financing team would like to refresh the committee on their projections for the project's baseline operations, maintenance, administration, and replacement (OMAR) costs to ensure they accurately reflect long-term operating expenses. They are also revisiting the assumptions developed in 2022 for the draft Project Participation Agreement (PPA) regarding water delivery costs.

Mr. Gaddie noted that the financial model is now well developed through the baseline OMAR cost assumptions, providing a solid foundation for evaluating future operating and water delivery cost scenarios.

Key input needed from FAC

Mr. Gaddie reviewed the primary topics requiring input from the committee as the financial model is finalized:

› Program Cost Outlay Modeling and Future Series Financing – Determine the most appropriate way to present current and future scenarios, including:

  - Current state and federal funding expectations, including the $150 million in secured funding
  - Potential future funding changes, such as additional state financing (e.g., bonding) and up to $304 million in additional federal funding
  - Potential increases in overall program costs as the project advances

› Past Series Financing – Discuss user understanding of prior financing and determine how the planned true-up process should be communicated and incorporated.

› 2027 LAWA Budget Communications – Review how the 2027 LAWA budget and associated administrative costs should be presented to the project participants.

› Upcoming Outreach Discussions – Identify the key financial information and messaging that should be prepared for future outreach meetings with participating entities.

Financial Model Update

Mr. Gaddie summarized the major factors driving the current financial model update since the previous version:

Federal Funding – The model is being revised to reflect both secured federal funding and the potential for additional federal appropriations. Any increase in federal participation would reduce the amount of project costs borne by the state and local participants.

Time Value of Money – Updated financial assumptions are being incorporated to account for the time value of money, including inflation and cost indexation through project completion, resulting in more realistic long-term cost projections.

Prior Series True-Up – The financial model has always anticipated a true-up process when new users sign up for the project and as PPAs are finalized. During the previous model update, only financing through Series C had been considered, making the true-up relatively small. With the completion of additional financing series, the model now extends through the anticipated Series G, increasing the amount of costs included in the true-up. This does not change the total cost ultimately paid by participants; rather, it places all users in an equivalent financial position regardless of when they joined the project.

MOC Based Cost Allocation – The model has transitioned from Project Development Agreement assumptions to allocations based on executed MOCs. Because the MOCs include additional water nominations, several at higher allocation tiers, individual participants' percentage shares have generally decreased slightly.

LAWA Administrative Costs – Updated assumptions for LAWA's administrative expenses, including anticipated budgetary needs, are being incorporated into the model as part of the project's OMAR costs.

Overall Programmatic Cost Update – The financial model continues to follow the legislative framework established during the 2023–2025 biennium. That framework was originally based on the 2022 program cost estimate with assumed inflationary factors. The team is now updating those inflationary assumptions to reflect current cost conditions while maintaining consistency with legislative intent.

<u>Programmatic Cost Outlay</u>

Paul Boersma, Black & Veatch (BV), reported Task Order 1610, Program Management Support, was recently approved by Garrison Diversion and LAWA. The task order includes several deliverables, one which has already been completed, with two additional deliverables expected in the coming weeks.

Mr. Boersma noted that an updated program schedule and critical path analysis was presented to the LAWA Technical Advisory Committee (TAC) the previous month. Based on the current schedule, substantial construction is projected to be completed in September 2032. He explained that the project schedule is driven by three critical paths:

- **Pipeline construction** – The pace of pipeline installation is largely dependent on the rate of project funding. Nearly all pipeline segments have been designed, and approximately half of the pipeline contracts have already been bid, allowing construction to be accelerated if additional funding becomes available.

- **Facility construction** – Progress on the Biota Water Treatment Plant (BWTP) and associated facilities represents the second critical path. Final design for the BWTP is about to begin, while several early out projects are scheduled to start construction this summer.

- **Power supply infrastructure** – The third critical path involves constructing the electrical transmission system and installing major electrical equipment needed to serve the BWTP site.

Mr. Boersma said the projected September 2032 completion date could be accelerated, but to do so would require changes to both the construction approach and the timing of project expenditures. Guidance from LAWA TAC and FAC will be needed to determine whether accelerating the schedule is a priority.

He explained the programmatic cost estimate is also being updated, representing the first comprehensive revision in four years. Several factors have significantly improved cost certainty during that time.

- **Pipeline costs** are now much better defined because substantial design work has been completed and many construction contracts have been bid.

- **Power supply costs**, which were not included in the original estimate, are now expected to add approximately $40 million to the project. While the original program estimate included a $60 million unidentified contingency, a significant portion of that contingency will likely be consumed by the cost of providing electrical service.

- Completion of the preliminary design for the BWTP and related facilities has provided a much clearer understanding of facility costs. Those designs have identified additional upward cost pressures that will increase the overall program estimate.

Mr. Boersma said the updated program cost estimate will be presented within the next three weeks.

At the same time, BV will present several funding scenarios illustrating different approaches to financing the remaining six years of construction. Those scenarios will demonstrate how varying annual investment levels could affect the project schedule and cash flow requirements. The TAC and FAC will be asked to provide direction on their preferred funding strategy so that future biennial funding requests can be aligned with the desired pace of construction and projected cash needs.

Mr. Gaddie explained the next phase of financial modeling will continue to use the current legislative intent assumptions, without yet incorporating the forthcoming programmatic cost updates. This approach allows the financing team to evaluate the project's financial outlook based on the funding framework currently established by the legislature before introducing revised construction cost estimates.

He stated once the TAC has reviewed the updated program cost information over the next month, the discussions will provide valuable insight for developing the project's future legislative funding strategy. A key consideration will be whether the funding levels included in the Water Development Plan are sufficient to support the project's critical path. Specifically, the team will evaluate whether available appropriations can adequately fund both the major facility construction, including the BWTP and pumping facilities, and continue pipeline construction simultaneously.

Mr. Gaddie also discussed alternative project delivery methods that could improve efficiency and better align construction with anticipated funding. One option raised during the recent TAC meeting was the use of Construction Manager at Risk (CMAR) for the facility components. This approach could provide greater flexibility by packaging and sequencing construction work in phases that better match expected funding availability while maintaining overall project progress.

Mr. Boersma added, to date, project expenditures have been driven primarily by pipeline construction, which has largely determined the project's cash flow needs. Beginning with the 2027–2029 biennium; however, the project will transition to two major construction efforts occurring simultaneously: continued pipeline installation and construction of the BWTP, pump station, and other major facilities. As a result, annual cash flow requirements are expected to increase substantially.

He noted that, under the current construction plan, the project could potentially obligate as much as $600 million during the next biennium, even though those funds would be spent over multiple years. If the TAC, FAC, or the legislature determines that obligating funding at that level is not feasible, the project team would adjust construction schedules and sequencing accordingly to align with available funding while continuing to advance the project.

Mr. Gaddie reviewed the funding assumptions currently being incorporated into the financial model and those submitted to the DWR as part of the Water Development Plan. The updated model reflects both the $150 million in secured federal funding and the potential for an additional $304 million in future federal appropriations, illustrating how those funding scenarios would change the project's financial outlook from the original legislative funding assumptions.

He explained the baseline scenario is based on the funding plan submitted with the Water Development Plan. After the project secured $150 million in federal funding, the financing team incorporated those funds into the current biennium's work plan, increasing the planned program expenditures from $273 million to $423 million. During discussions with legislative leadership, the financing team was asked to evaluate whether additional federal funding could reduce future state funding requests and to analyze how alternative financing approaches, including state bonding, might affect project delivery.

Mr. Gaddie noted under the current baseline, without bonding or another mechanism to provide additional cash flow, the project would not have sufficient funding to fully support both major facility and continued pipeline installation at the same time. If future appropriations remain near the current projected level of approximately $199 million in state funding, together with the required local cost share, the project team will need to make difficult decisions regarding construction sequencing, spending schedules and the project's critical path.

He emphasized; however, the initial $150 million in federal funding has already produced tangible benefits, allowing the project to accelerate two pipeline contracts. Compared to the original implementation plan, additional pipeline construction has been moved forward. To maintain that momentum while simultaneously beginning construction of the BWTP and other major facilities, the team is evaluating alternative funding and delivery strategies.

The financial model also includes a scenario assuming receipt of the additional $304 million in federal funding that Senator Hoeven has indicated he will pursue by approximately 2030. For modeling purposes, the team assumed those funds would be received in increments similar to the initial $150 million allocation. Under that scenario, the work plans for the 2027-2029 and 2029-2031 biennia would be expanded accordingly. Because the federal funding would continue to follow the established 75 percent federal/25 percent local cost-share structure, it would substantially reduce both state and local funding obligations.

Mr. Gaddie summarized the comparative funding scenarios as follows:

Scenario	Remaining State Costs	Remaining Local Costs
Original legislative intent	**$571 million**	**$190 million**
With $150 million secured federal funding	**$455 million**	**$151 million**
With total $454 million federal funding ($150M secured + $304M potential)	**$227 million**	**$ 75 million**

He noted that these three scenarios will serve as the foundation for the comparative financial analyses presented to the TAC and FAC as they evaluate future funding strategies, legislative requests, and project implementation options.

Cost Allocation Model

Mr. Gaddie reviewed the various financing structures used under the interim financing agreements and explained how they relate to the updated cost allocation model.

With the new MOC-based cost allocation model, the financing team is evaluating each participant's contribution against the target cost allocation percentages. The objective is to determine where a participant's actual contribution differs from their target allocation and identify any adjustments needed to place all participants in an equivalent financial position. The team is also incorporating these findings into the model to guide future bond series financing.

To support that effort, it is important to refresh participants on the current allocation methodology. The model includes both capital cost allocations and the OMAR cost allocations, each based on the two-tiered cost allocation approach adopted a couple of years ago.

The two-tier model assigns users based on their location, water supply needs, and the purpose of the water use. It distinguishes between users with immediate drought-related supply needs and those seeking future industrial or domestic supplies. Under the model, tier one users pay a higher share of the project costs because they receive greater project benefits and have more immediate water supply needs, while tier two users pay a lower share because they have less immediate need or require additional infrastructure to access the system.

Tiering Assignments

› Domestic
- Tier 1: Large current drought need or water supply replacement
- Tier 2:
  - Minor shortages during drought conditions
  - Redundant supply needs or return flows (2nd use water)
  - Significant additional access infrastructure required to connect to the system

› Industrial
- Tier 1: Located on the core system (direct pipeline or direct river access)
- Tier 2: Require significant additional access infrastructure

Mr. Gaddie reviewed a table comparing each participant's target cost allocation with the current allocation based on MOCs. The table summarizes domestic and industrial water nominations by participant and reflects the applicable tier assignments under the two-tier cost allocation model.

He explained the table shows each participant's total nominated water demand submitted during the MOC sign-up process and illustrates how those nominations, together with the tier one and tier two classifications, determine each participant's proportional share of project costs. This comparison provides the basis for evaluating whether participants' contributions align with their target allocations and supports the financial model's true-up calculations and future financing strategies.

Past Series Financing Participation Recap

Mr. Gaddie said these cost allocation percentages are applied when accounting for contributions made through previous bond series financings, allocating costs for future financing, and distributing baseline OMAR expenses. Together, they establish each participant's overall financial responsibility for the project.

Mr. Gaddie added the table also compares each participant's target allocation with the amounts contributed starting with Series A through Series F financings. While contributions have varied across the individual bond series, the financing team aggregated each participant's principal contributions from all prior financings to provide a cumulative comparison.

Past Series Financing True-up Considerations

Mr. Gaddie reviewed the true-up considerations associated with the principal balance allocations from Series A through Series F financings. By comparing each participant's cumulative allocation to date with its target allocation under the MOC-based cost allocation model, the financing team identified the differences among participants.

He noted that Fargo, as the project's largest participant, has assumed the largest share of the financing burden. Through Series A–F, Fargo has been allocated approximately $121.4 million, representing 80.3% of the total principal issued to date. Under the updated MOC-based allocation model, however, Fargo's target share is approximately 62%. As a result, Fargo has contributed about $27.6 million more than its target allocation and is currently in an overweighted position.

Mr. Gaddie explained, with the exception of Valley City, all participants in the earlier bond series are currently overweighted relative to their target allocations. Valley City's allocation differs because it did not participate in Series F financing.

Overall, the financing team estimates that approximately $29.1 million will need to be rebalanced through the true-up process to align participants' cumulative contributions with their target allocations. In addition, the true-up will incorporate reimbursement to Garrison Diversion for costs it covered on behalf of the smaller users during Series C financing.

Mr. Gaddie explained that the financial model currently assumes the Series A–F true-up would be completed as a one-time adjustment during the issuance of Series G. Under this approach, participants that contributed more or less than their target allocation would have their Series G principal balances adjusted accordingly.

He described the process as essentially a plus-or-minus calculation. The model begins with each participant's base Series G allocation, then applies the Series A–F true-up adjustment by either increasing or decreasing that amount based on whether the participant is under- or over-contributed relative to its target allocation. The resulting figure would establish each participant's final Series G principal balance.

Mr. Gaddie noted that, while the model currently assumes a one-time true-up, the adjustment could instead be phased in over multiple future bond series. A phased approach may be beneficial if the required Series G financing is larger than currently anticipated. For example, if additional bonding authority becomes available and a higher Series G issuance is needed to align with state bonding levels, the resulting Series G principal balance could exceed the amount currently reflected in the Water Development Plan. In that case, spreading the true-up over multiple financings could provide greater flexibility in managing participants' allocations while accommodating the larger bond issuance.

Mr. Gaddie noted the timing and structure of the true-up will ultimately depend on how future project funding is secured. If additional state bonding is not available but federal funding is received instead, that funding would reduce each participant's future cost share. In that scenario, completing the entire true-up through Series G could create new imbalances by effectively overweighting some participants before the federal funding reductions are applied.

He explained there is not a perfect solution at this time because future funding sources remain uncertain. The current financial model illustrates how the calculations would work if the entire true-up were completed through Series G, but the financing team recognizes that approach may need to be revisited as additional state bonding or federal funding decisions are made.

Co-Chair Storstad observed that, because the true-up is occurring later in the project, the cumulative amount to be reallocated has grown as participants, particularly Fargo and Grand Forks, have carried a larger share of the financing to date. While the current financial model assumes the entire true-up would occur with Series G, she suggested that the committee further evaluate whether it would be more appropriate to spread the adjustment over multiple future bond series.

She recommended discussing the possibility of allocating the true-up over the next three bond series rather than applying it all at once. She also suggested considering a deferred implementation so that the financial impact would be phased in over time rather than affecting participants in a single financing, allowing for a more gradual transition to the target cost allocation.

Mr. Gaddie explained the size of the future bond issuance will significantly affect how the true-up can be implemented. If the project receives an additional $150 million in federal funding during the 2027–2029 biennium, the federal contribution would substantially reduce the amount that must be financed through state and local sources.

Mr. Gaddie said the financial model can be structured to implement the true-up either as a one-time adjustment or through a phased approach over multiple bond series. While the model can calculate a single true-up during Series G, he noted that incorporating different funding scenarios, such as additional federal funding or state bonding, causes participants' allocation percentages to fluctuate significantly from one scenario to another.

He explained that these large swings in allocation percentages can make the results appear inconsistent and difficult to interpret. For that reason, he expressed a preference for developing a phased true-up model, which would spread the adjustments across multiple future financing series.

Todd Feland, City of Grand Forks, asked whether users could change the tier classification they are currently assigned. Many of the small users are presently classified as industrial users and asked what would happen if they switched to a domestic user.

Mr. Gaddie responded a user's tier assignment is not determined solely by whether it is classified as domestic or industrial. Users located at the end of a long branch pipelines would likely remain tier two because of the additional infrastructure costs required to serve them. Unless a significant number of users changed their classifications, he would not expect such change to produce major shifts in the overall cost allocation model.

Mr. Feland suggested delaying further work on the allocation model until all users have finalized the category under which they intend to participate.

Mr. Gaddie replied the financing team needs a baseline to begin its analysis. The model will be built using the nominations and tier assignments submitted during the most recent MOC outreach process. Once that baseline model is established, the team can evaluate alternative scenarios and answer "what-if" questions as users make changes during future discussions.

Steve Burian, Burian & Associates, noted the development of an assurance policy had been a significant factor in discussions with prospective users during the most recent outreach effort. The policy provided an important level of confidence for users considering participation. With the addition of substantial federal funding; however, the project's value proposition has become even stronger because participant's overall project costs are expected to be significantly lower.

Mr. Burian emphasized effectively communicating this updated message will be critical to future user outreach. The challenge will be transitioning the conversation from the assurance policy to the benefits of the additional federal funding while demonstrating that the project is now even more financially attractive. Reaching user groups that are not currently part of LAWA and are not regularly engaged with the project will be especially important, and presenting this new, positive funding outlook could encourage additional participation.

Mr. Feland agreed, stating the availability of additional federal funding may provide a stronger incentive than the assurance policy itself. The assurance policy had the unintended effect of allowing some users to delay making a commitment, whereas the prospect of significantly lower project costs through federal funding creates a more compelling reason for users, who are already interested, to join the project sooner rather than later.

<u>Future Series Financing (G and Beyond)</u>

Mr. Gaddie stated the financing team intends to structure the Series A-F true-up as a phased adjustment spread over the next several biennia rather than completing it in a single bond issuance. This approach is expected to provide more stable and predictable cost allocations while accommodating changes in future funding.

For Series G and subsequent financings, the financial model will evaluate multiple funding scenarios, including the currently secured $150 million in federal funding as well as the potential $454 million in total federal funding under consideration. The model will illustrate how each scenario affects participants' future financing obligations and cost allocations.

Under the phased approach, all participating users would continue to share in future bond issuances, with the true-up adjustments incorporated gradually through Series G, H and I. This method will allow participants' allocations to move incrementally toward their target percentages while providing flexibility to adapt to changes in federal funding and state bonding as they occur.

Baseline OMAR

Mr. Gaddie explained the project's OMAR costs consist of both variable operating expenses and fixed administrative and maintenance costs. Variable costs are associated with operating the system, while fixed costs include staffing, legal services, financial management and other administrative functions required to manage the project.

A key update to the financial model is the inclusion of LAWA's administrative costs as part of the ongoing OMAR budget. The model also incorporates a near-term reserve fund to address mechanical equipment expected to require replacement during the early years of project operation.

Mr. Gaddie explained the reserve analysis was developed to avoid requiring participants to pay twice for the same assets. Because major project components such as pipelines are being financed through long-term debt, the model does not simultaneously accumulate reserve funds for those same assets. Instead, reserve funding is limited to equipment and mechanical components expected to require replacement within approximately 5, 10, or 15 years after the project begins operating.

The baseline OMAR assumptions were originally developed in 2022 and have since been escalated to 2026 dollars using inflationary indexing. The updated model also incorporates LAWA's 2026 administrative budget. As currently modeled, the annual baseline OMAR costs include:

- Approximately $430,000 in variable operating costs.
- Approximately $3 million in fixed annual costs, including Garrison Diversion and LAWA administrative expenses.
- Approximately $720,000 in annual reserve funding for near-term equipment replacement.

Mr. Gaddie said these assumptions will be revisited as part of the upcoming programmatic cost update. Preliminary design work for the BWTP has provided additional information, and the team intends to refresh the underlying operating and maintenance assumptions.

Mr. Feland noted that LAWA is not currently reimbursing Garrison Diversion for administrative services, and the revised model would reflect a future transition in which LAWA assumes responsibility for those administrative costs.

Co-Chair Storstad commented that she believes the projected operating expenses are conservative and said the committee will continue to evaluate those assumptions.

Mr. Gaddie said he plans to work with BV to retrieve the original operations planning documents that established the project's staffing and organizational structure. He would like to update those assumptions using current cost estimates and better identify the staffing needs in today's dollars.

Mr. Boersma recalled the original analysis included several organizational structures and evaluated the staffing required for management, financial oversight, engineering, operations, and maintenance. While management and administrative personnel represented a relatively small portion of the estimated $2.49 million annual operating budget, the largest share consisted of operations and maintenance personnel needed to operate and maintain the treatment plant and associated facilities.

Mr. Gaddie agreed, noting that the largest staffing requirement was expected to be plant operators and maintenance personnel responsible for daily operation of the facilities.

Mr. Feland observed that, if those assumptions remain valid, the operational workforce would consist largely of newly hired personnel rather than existing staff.

Kip Kovar, District Engineer, Garrison Diversion, added that staffing requirements will depend heavily on the project's operating conditions. Operating the system at the initial six cubic feet per second (cfs) startup capacity is significantly different from operating at the full 165 cfs design capacity. While Garrison Diversion may not require additional personnel during low-volume operations, staffing needs should be reevaluated as system capacity increases.

Mr. Gaddie agreed and said he will work with Mr. Boersma to develop an updated breakdown of how the original staffing and OMAR estimates were derived.

He also reminded the committee the original OMAR analysis evaluated operating costs across multiple scenarios, including startup operations at six cfs and full-capacity operation at 165 cfs, with associated costs for direct pipeline deliveries, reservoir filling, and reservoir refilling following water deliveries. From that analysis, the financing team developed an operating cost matrix identifying which participants would be responsible for various operating expenses under different operating conditions.

Mr. Gaddie noted that the cost estimates previously presented to users reflected only their baseline tiered cost allocations. Additional analyses have been completed for Fargo and Grand Forks to evaluate the costs associated with different operating scenarios, including direct pipeline deliveries. Under the original model, once project water was delivered to a participant's reservoir, it was considered to be at that participant's benefit. As a result, many of the additional operating cost scenarios are not expected to apply to most participants, with the primary exception being users receiving water directly from the river through dedicated river intakes.

Susan Thompson, Co-Chair, asked whether the users had been presented with the baseline costs and were informed there were other options.

Mr. Gaddie said when users have asked about specific uses of the project water or alternative delivery scenarios, those questions have been addressed on an individual basis.

Mr. Burian added users had also been presented with branch pipeline information sheets during the outreach process. Those handouts explained that users requiring branch pipelines, rather than receiving water directly from the river through an existing intake, could incur additional infrastructure and operating costs.

Project Water Delivery Operating Cost Update

Mr. Gaddie said along with the baseline OMAR costs, the financing team will update the costs related to other operating modes.

Key Considerations Moving Forward:

- Incorporate BWTP Pilot Study Results:
  - New information available regarding chemical dosing requirements, Treatment residuals management, etc.
- Finalizing Lake Ashtabula operating protocols and Thompson-Acker water rights management items with Corps of Engineers and DWR
- Determining final governance model and associated costs

User Cost Outlay Projections

Mr. Gaddie reviewed the updated projections of annual user cost obligations under the currently secured $150 million in federal funding.

He explained during previous user outreach efforts, participants were shown estimated annual costs they could expect once the project was fully constructed and all bond series debt service payments were in effect. Earlier financial models projected those full annual costs in approximately 2034. Based on the current project schedule; however, the full debt service period is now expected to occur around 2036-2037. Updated cost projections provided to the users will therefore extend through that timeframe. The model continues to assume annual cost escalation of slightly more than two percent.

Mr. Gaddie presented the Grafton Cost Participation Summary dated November 26, 2024, as an example of the information previously shared with participants. Users initially received financial projections in early 2024, before the financing details for Series D2 had been finalized. As the amortization schedules were completed later that year, the financing model was updated, and an August 2024 revision reflected the deferred repayment period associated with Series D2. The final update distributed to all participants in November 2024 incorporated refinements and provided revised estimates of each user’s expected project costs.

For the next round of user outreach meetings, the financing team plans to prepare similar cost summaries comparing:

- The projections presented to users in 2024.
- Current projections reflecting the $150 million in secured federal funding; and
- Potential future projections assuming the project receives the full $454 million in federal funding, together with any additional state bonding scenarios.

Mr. Gaddie also presented an example of Fargo's near-term cost outlay projections to illustrate how future funding scenarios could affect annual user costs.

Review Past User System Financial Summaries

Mr. Gaddie noted that the last comprehensive user financial summaries were distributed as simplified handouts showing projected annual costs and estimated impacts on end-user water rates using 2021 dollars.

Co-Chair Thompson suggested using those original handouts during the upcoming outreach meetings to demonstrate that the earlier estimates were intentionally conservative and to show how the project's financial outlook has improved as a result of the additional federal funding.

Mr. Gaddie agreed and said he envisions updating the existing handouts with the updated information. The revised materials would present both the previous projections and the updated estimates, allowing participants to clearly see how the project's funding outlook and expected user costs have improved since the 2024 outreach effort.

Mr. Gaddie reported the user financial summaries were designed to provide participants with a comprehensive overview of the project's status and its financial implications. In addition to presenting cost allocations, known project costs and cost-sharing assumptions.

Mr. Burian emphasized the primary objective of the next round of user outreach meetings should be to rebuild relationships and restore confidence with prospective users rather than securing immediate commitments.

He added the initial meeting should focus on reestablishing trust by sharing the project's positive developments to offset any concerns about project costs or prior uncertainties. The goal is to reengage users with a positive message and renew their interest in the project.

LAWA Costs

Co-Chair Storstad returned to the committee's earlier discussion and summarized key action items related to communicating the 2027 LAWA administrative costs and strengthening relationships with the users.

She said LAWA plans to send a letter to each participating user in late June or early July, providing a general project update on the RRVWSP developments and explaining the 2027 budgetary needs. It will also notify participants that the 2027 LAWA administrative costs will be the first cost requested from users as LAWA begins implementing its administrative responsibilities.

Spencer Halvorson, Executive Director, reported that he, Bruce Grubb and Chair Mahoney met on June 22 to develop a strategy for meeting with project participants. They scheduled two days of introductory meetings with some of the users outside of the Fargo and Grand Forks area. He has also spoken with all the LAWA board members by phone.

Financial Model Completion and Next Steps

Mr. Gaddie reviewed the next steps for financial model completion:

› Finalize all underlying financial model assumptions (i.e., programmatic cost outlays, past series true-ups, prior financings, etc.)

- Complete all individual user outlay projections

- Develop draft user system financial participation summaries

- Outreach and correspondence to communicate 2027 LAWA budgetary request to all MOC signers

- Begin planning for and scheduling 2027 initial outreach discussions

- Engage with LAWA legal team regarding water distribution agreement draft completion

Mr. Gaddie stated that the recent developments will need to be reflected in the project agreements.

Mr. Feland noted the project agreements remain in draft form. One of Mr. Halvorson's initial responsibilities will be to convene the project attorneys and coordinate the completion of those agreements so they can be finalized and brought forward for approval.

Mr. Gaddie said the financing team will continue refining the financial model by updating underlying assumptions, verifying the operating cost estimates and ensuring those are accurately incorporated into the analysis. Once these updates are complete, a revised model summary will be prepared and presented at the next FAC meeting.

Mr. Feland expressed support for the model's two biennium approach, noting it provides flexibility as additional information becomes available. By the second biennium, the financing team should have a clearer understanding of which users are participating, more refined project and operating cost information, and a greater certainty regarding future federal funding. With that improved information, the committee will be better positioned to refine the financial model and make appropriate adjustments to the future financing and cost allocations.

Director Tom Erdmann, LAWA, commented the updated financial information will be an important resource during the next round of outreach to users who have not fully committed to the project. He asked whether the goal is to have all prospective users decide whether to join the project by the end of the year, allowing LAWA to establish the level of participation and corresponding financial commitment before developing the 2027 budget.

Co-Chair Storstad confirmed that is the goal.

Mr. Burian added finalizing the draft agreements is also a critical component of the project's critical path.

Mr. Feland noted the upcoming user outreach meetings should include an update on the status of agreements. Discussion should focus on governance, financing and operations.

Mr. Halvorson explained he intends to conduct the initial outreach meetings with Chair Mahoney and a couple other board members. The first round of meetings is intended to be high-level and relationship-focused, providing an opportunity to introduce the new Executive Director, strengthen relationships with participating communities and communicate the project's positive developments. There is no intention of delving into detailed technical or financial discussions during these introductory meetings. More detailed conversations are expected to occur during the second outreach meetings.

Co-Chair Storstad adjourned at 11:50 a.m.

Maureen Storstad, Co-Chair	Spencer Halvorson, Acting Secretary

REGISTRATION

LAWA FAC MEETING
AE2S – Grand Forks, ND
June 25, 2026

NAME	ADDRESS
Lisa Schafer	GDCD
Kip Kovar	GDCD
Spencer Halvorson	LAWA
Bruce Grubb	Fargo
Brent Bogar	AE2S/LAWA
SHAWN GAPPIE	AE2S
Maureen Storstad	City of GF
Susan Thompson	Fargo
Todd Feland	Grand Forks
Steve Burian	B+A
David Dunham	AE2S
ANDREA BOE	AE2S
Heather Syverson	AE2S
On Line	
Kimberly Cook	Garrison Diversion
Alan Idso	LAWA
Bennett Johnson	Vogel Law Firm
Paul Boersma	Black & Veatch
Brent Brinkman	Cass Rural Water Users District
Dustin Scott	City of West Fargo
Greg Bischoff	Garrison Diversion
Jason Siegert	Garrison Diversion
Katie Schmidt	Ohnstad Twichell
Katie Mowat	Burian & Associates
KenVein	Garrison Diversion
Ted Corrigan	
Troy Hall	City of Fargo

Annex I
26-101

REGISTRATION

LAWA FAC MEETING
AE2S – Grand Forks, ND

June 25, 2026

NAME	ADDRESS
On Line	
Willy Galindo	City of West Fargo
Tim Mahoney	LAWA Chair
John Shockley	Ohnstad Twichell
Dave Anderson	Garrison Diversion
Duane DeKrey	Garrison Diversion
Ann Morlock	LAWA

Lake Agassiz
Water Authority

STAFF REPORT

FINANCIAL ADVISORY COMMITTEE
JULY 28, 2026

Agenda Item:	Lobbying Services Procurement Strategy
Submitted By:	Spencer Halvorson, Executive Director
Staff Recommended Action:	Provide feedback on the proposed strategy
FAC Recommended Action:	
LAWA Board Action:	

LAWA and the Garrison Diversion Conservancy District (GDCD) have traditionally partnered strategically and financially for state legislature lobbying services. GDCD has procured their own separate firm for state legislature lobbying (GA Group) in preparation for the upcoming session and are no longer working with Terry Effertz of Integrity Public Affairs, the lobbying firm LAWA and GDCD previously partnered with via a cost share arrangement.

In speaking with senior administrators with the cities of Grand Forks and Fargo, along with multiple members of the LAWA Board of Directors, all were aligned with the two following conclusions:

1. It is necessary for LAWA to have an official lobbyist for the upcoming state legislative session to advocate for its interests.

2. LAWA would like to continue working with Terry Effertz of Integrity Public Affairs, providing a level of consistency and familiarity for LAWA in Bismarck this upcoming legislative session

Ms. Effertz has been contacted and has communicated an interest and capacity to continue working with LAWA. Ms. Effertz also currently represents the City of Fargo. Fargo has recently released a Request for Qualifications for Government Relations and Legislative Advocacy with a firm to be scheduled for recommendation to their City Commission on August 31.

Proposed Strategy

It is proposed that LAWA continue working with Ms. Effertz of Integrity Public Affairs due to previous satisfactory performance and the desire to bring a level of consistency and familiarity heading into the upcoming legislative session.

Should the City of Fargo also choose to continue working with Integrity Public Affairs (Terry Effertz), LAWA would then approach both Ms. Effertz and the City of Fargo regarding the possibility of a mutually beneficial administrative services agreement between LAWA, the City of Fargo, and Ms. Effertz of Integrity Public Affairs.

Should Fargo decide to award the service contract to a different firm, LAWA would then approach Ms. Effertz with the goal of reaching an agreement for state legislative advocacy services.

Lake Agassiz Water Authority

STAFF REPORT

FINANCIAL ADVISORY COMMITTEE JULY 28, 2026

Agenda Item:	Designate Depositors for LAWA Operational Funds – Gate City Bank
Submitted By:	Spencer Halvorson, Executive Director
Staff Recommended Action:	Designate Gate City Bank as the Depositor for LAWA Operational Funds
FAC Recommended Action:	
LAWA Board Action:	

As part of the administrative partnership between LAWA and Garrison Diversion Conservancy District (GDCD), GDCD has been managing the receivables, payables, and bank reconciliation processes for LAWA financial operations. In discussions with GDCD staff, there have been technical issues with LAWA's current depositor, Old National Bank (formerly Bremer Bank), that have made day-to-day operations inefficient and cumbersome.

GDCD currently uses Gate City Bank as a depositor for a significant portion of their financial operations. It is recommended for reliability and efficiency considerations that LAWA transfer its funds to Gate City Bank for its general operational financial account.

Lake Agassiz Water Authority

STAFF REPORT

FINANCIAL ADVISORY COMMITTEE
JULY 28, 2026

Agenda Item:	Designate Authorized Agents for LAWA
Submitted By:	Spencer Halvorson, Executive Director
Staff Recommended Action:	Designate Board Chair Tim Mahoney, Executive Director Spencer Halvorson, and RRVWSP Deputy Program Manager Merri Mooridian as Authorized Agents for LAWA
FAC Recommended Action:	
LAWA Board Action:	

It is necessary to designate authorized agents for banking purposes, specifying who can sign financial related documents, such as checks, on behalf of LAWA. For logistical and administrative efficiency, it is recommended the following three individuals be designated as Authorized Agents on behalf of LAWA:

Timothy Mahoney – Board Chairman
Spencer Halvorson – Executive Director
Merri Mooridian – RRVWSP Deputy Program Manager

Spencer Halvorson
Executive Director

shalvorson@fargond.gov
(701) 241-1531

Lake Agassiz Water Authority

PO Box 140
Carrington, ND 58421

www.lakeagassiz.org

TO: LAWA Users and Memorandum of Commitment Signers

CC: Susan Thompson, FAC Co-Chair
Maureen Storstad, FAC Co-Chair

FROM: Spencer Halvorson, Executive Director

DATE: July 15, 2026

RE: 2027 LAWA Budget and Preliminary Contribution Estimates

Greetings,

As was discussed at earlier LAWA Board meetings, please consider this letter as providing notice of anticipated cost share allocations for the 2027 Lake Agassiz Water Authority (LAWA) Budget.

In 2026, LAWA hired in myself an Executive Director, the organization's first step in building a formal staff to support user needs and priorities to complement the construction progress of the Red River Valley Water Supply Project. This budget reflects the anticipated expenses and adjustments in administrative strategy for the organization in 2027.

For your organization's budgeting purposes, attached is the draft cost allocation based on each user's Memorandum of Commitment (MOC) nomination percentage. LAWA's final budget and cost share allocation is subject to the LAWA Board's final approval in November or December. A copy of the proposed 2027 Budget for LAWA is attached to this letter for your review.

Projected expenses for potential capital debt repayments unique to each MOC signer will be provided in a future deliverable and is not included.

Thank you and please email me at shalvorson@fargond.gov or call (701) 241-1531 should you have any questions.

Sincerely,

Spencer Halvorson
Executive Director

Attached: Proposed 2027 LAWA Budget
Draft 2027 Cost Allocation – 2-Tier / MoC Basis

2027 BUDGET - LAKE AGASSIZ WATER AUTHORITY					
		Actual 2024	**Actual 2025**	**Forecast 2026**	**Budget 2027**
INCOME					
	Membership Dues	33,300	35,700	35,000	-
	Participant Transfers		140,099	509,941	444,306
	State Cost Share		-	-	-
	Cost Share - Interim Finance	4,320	4,988	-	-
	TOTAL INCOME	**37,620**	**180,787**	**544,941**	**444,306**
EXPENSES					
	ND Water Users Association	5,000	5,000	5,000	5,000
	ND Water Coalition	1,000	1,000	1,000	1,000
	ND Rural Water Systems Assoc.	315	320	500	500
	TOTAL DUES	**6,315**	**6,320**	**6,500**	**6,500**
	Accounting	7,875	-	10,000	10,000
	Directors Expense	-	-	-	-
	Banking Fees	-	328	-	-
	Insurance	461	461	550	550
	Admin Support - Staff		-	200,000	218,500
	Admin Support -- Other	52,082	168,596	100,250	62,750
	Construction		-	-	-
	Engineering		4,988	-	-
	Property Acquisiton/Easements		-	-	-
	TOTAL ORGANIZATIONAL	**60,418**	**174,373**	**310,800**	**291,800**
	Ohnstad Twichell, P.C.	69,372	141,142	187,982	100,000
	Federal Advocacy (GCCD - BHFS)	30,750	31,006	31,006	31,006
	State Advocacy (TBD)		7,500	7,500	15,000
	TOTAL LEGAL/ADVOCACY	**100,122**	**179,648**	**226,488**	**146,006**
	TOTAL EXPENSES	**166,855**	**360,341**	**543,788**	**444,306**
	Beginning Balance	**380,852**	**251,616**	**72,062**	**73,214**
	Total Income	**37,620**	**180,787**	**544,941**	**444,306**
	Total Expenses	**166,855**	**360,341**	**543,788**	**444,306**
	Over/Under	**(129,235)**	**(179,554)**	**1,152**	**-**
	Ending Balance	**251,616**	**72,062**	**73,214**	**73,214**

User	Draft Cost Allocation Model Run (2-Tier / MOC Basis)	**Share of Proposed LAWA Admin Budget 2027**
		$ 444,306.25
Fargo / West Fargo / Cass Rural	62.05%	$ 275,692
Grand Forks	16.64%	$ 73,933
Valley City	1.18%	$ 5,243
Carrington / Carrington JDA	0.25%	$ 1,111
Hillsboro	0.22%	$ 977
Mayville	0.22%	$ 977
Cooperstown	0.15%	$ 666
Jamestown	2.94%	$ 13,063
Wahpeton	2.63%	$ 11,685
East Central Regional Water District	1.93%	$ 8,575
Richland County	1.75%	$ 7,775
Southeast Water Users District	1.75%	$ 7,775
Dickey County	1.75%	$ 7,775
Northeast Regional Water District	1.40%	$ 6,220
LaMoure County	1.31%	$ 5,820
Grafton	1.21%	$ 5,376
Traill County	0.53%	$ 2,355
Agassiz Water Users District	0.44%	$ 1,955
Walsh Rural Water District	0.44%	$ 1,955
Lisbon	0.74%	$ 3,288
Sargent County	0.44%	$ 1,955
Washburn	0.02%	$ 89
McLean Sheridan Rural Water District	0.01%	$ 44
Total	**100.00%**	**$ 444,306**