

**Minutes of Meeting  
Southwest Water Authority  
Board of Directors  
February 2, 2015  
SWA O&M Center Office, Dickinson, ND**

**1. Call to Order – Pledge of Allegiance**

The Southwest Water Authority Board of Directors met on Monday, February 2, 2015, at the SWA O&M Center Office, Dickinson, ND. Chairperson Bares called the meeting to order at 9:05 a.m. MST, followed by the Pledge of Allegiance.

Present at the meeting were: Directors Gene Allen, Larry Bares, Jim Odermann, Duane Bueligen, Jonathon Eaton, Glenn Eckelberg, Dave Juntunen, Bob Leingang, Brian Roth, Steve Schneider, Rick Seifert, and George Saxowsky. Also present were: Mary Massad, SWA Manager/CEO; Sandra Burwick, SWA CFO/Office Administrator; George Nodland, SWC; Sindhu S. Pillai-Grinolds, SWC; Jim Lennington, Bartlett & West/AECOM; Misti Conzemius, SWA Marketing Manager; Cindy Fetch, SWA Accounting Support; Laura Jonio, Administrative Assistant; Lee Messer, SWA Water Distribution Manager; Jen Murray, SWA CEO Assistant; Bill Palanuk, SWA Public Relations Specialist; Jack Dwyer, Legal Counsel; Andrew Brown, Dickinson Press; Melanie Goetz, Hughes & Stuart, Directors Larry Stang and Ray Bieber joined the meeting via Skype internet and video conferencing.

Absent: Director Marie Johnson excused.

**Introductions**

Laura Jonio, the new SWA Administrative Assistant, was introduced. Andrew Brown, Regional Reporter for the Dickinson Press, was welcomed.

Massad reported the SWC, SWA, Bartlett & West/AECOM, Engineering America and Strata Corporation were awarded the Gold Innovation Award by the ND Ready-Mix & Concrete Products Association for 2014 for the Zap Reservoir.

**2. Agenda**

**2. A. Review Agenda**

There were no changes made to the agenda.

**2. B. Consent Agenda\***

*Minutes of January 5, 2015, Board of Directors Meeting  
Accounts Payable & Financial Reports*

Chairperson Bares asked for approval of the consent agenda items: Minutes of January 5, 2015, Board of Directors Meeting and Accounts Payable and Financial Reports. Copies are on file with the official minutes.

***Motion by Glenn Eckelberg, seconded by Director Leingang to approve item 3. B. Minutes of January 5, 2015, Board of Directors Meeting and Accounts Payable and Financial Reports on the consent agenda. Motion carried by voice vote without dissent.***

### **3. Board Policy Review and Monitoring**

#### **3. A. Policy III. E. Board Governance Process-Committee Structure\***

Chairman Bares and the Board of Directors reviewed Policy III. E. Board Governance Process-Committee Structure. A copy of the policy is on file with the official minutes.

*Motion by Director Leingang, seconded by Director Eckelberg to approve Policy III. E. Board Governance Process-Committee Structure. Motion carried by a unanimous roll call vote.*

### **4. Decision Making**

#### **4. A. Senate Bill 2233 – Study of the Transfer of Ownership of the SWPP from the ND State Water Commission to Southwest Water Authority\***

Massad presented the report prepared as required by Senate Bill 2233. The SWC requested a signature page be added to the report. A copy of the report is on file with the official minutes.

Legal Counsel, Jack Dwyer suggested Massad sign the report and the Board ratify it, as it is a reflection of SWA.

*Motion by Director Allen, seconded by Director Eaton to authorize Massad to sign the Senate Bill 2233 - Study of the Transfer of Ownership of the SWPP from the ND State Water Commission to Southwest Water Authority report as presented. Motion carried by roll call vote. 12-Yes/2-No. Directors Allen, Bares, Bieber, Bueligen, Eaton, Eckelberg, Juntunen, Leingang, Odermann, Roth, Seifert and Stang voted yes. Directors Saxowsky and Schneider voted no.*

### **5. Board Member Reports**

#### **5. A. Dakota West RC & D Board Meeting Update**

A copy of Director Odermann's report is on file with the official minutes.

### **6. Incidental Information**

#### **6. A. SWPP Update**

##### **OMND (Oliver, Mercer, North Dunn) Regional Service Area**

##### **Contract 2-8E/2-8F Dunn Center SA Main Transmission Line (MTL):**

The contractor, Carstensen Contracting Inc., is continuing to work on tie-ins, testing and disinfection.

##### **Contract 4-6 Dunn Center SA Pumps inside OMND WTP:**

Administrative items remain before this contract can be closed out.

##### **Contract 5-15B 2nd Zap Potable Reservoir:**

The tank was ready for service on October 27, 2014. Pre final punch list items and a contract closeout letter were sent to the contractor, Engineering America. Bartlett & West is working on the final change order.

##### **Contract 8-3 Killdeer Mountain Elevated Tank:**

Site work, testing and disinfection remain to be completed. The contractor, Maguire Iron, was informed the tank is considered substantially complete for ending the liquidated damages as of November 24, 2014. Lennington stated if there is wind damage to the tank, Maguire Iron's insurance policy will cover.

Contract 5-17 Dunn Center Elevated Tank:

No change since the last meeting.

OMND Water Treatment Plant (WTP) Phase II Expansion:

The startup and training for the Ozone system is ongoing.

Contract 7-9G Halliday and Dunn Center Service Area:

Easement acquisition is ongoing. The SWC is currently advertising for bids on this contract this week with a potential bid opening date of February 26, 2015. There are two bid schedules for this contract in the hope of attracting more bidders.

**Other Contracts**

Contract 4-5 Finished Water Pumping Station (FWPS):

Contractor John T. Jones is installing the shoring for the roof of the reservoir. The bottom eight feet of the reservoir was filled with water and tested for leaks. The Contractor has also started thawing the ground for backfilling on the north side.

Contract 1-2A Supplemental Raw Water Intake:

Contractor, John W. Fowler, has completed 34 out of 45 rings for the caisson. Installation of the 35<sup>th</sup> ring is ongoing. All parties have signed the settlement agreement.

Contract 3-2A Membrane Procurement for Six (6) MGD Water Treatment Plant at Dickinson:

Contract documents have been executed by all parties. Bartlett and West has received submittal drawings and they have been returned with comments.

Contract 3-2B Softening Equipment Procurement:

Contract documents have been executed by all parties. Information from the submittals is used in the design of Contract 3-2D.

Contract 3-2C Ozone Procurement:

Contract documents have been executed by all parties. Information from the submittals is used in the design of Contract 3-2D.

Contract 3-2D Dickinson WTP:

The SWC has received the 50% design drawings from Bartlett & West.

Contract 3-2E Residual Handling Building:

The design is ongoing.

Raw Water MTL Upgrades:

Design is ongoing on the pump station upgrades at Dodge and Richardton and for parallel piping between the Intake and the Zap reservoir, and from the Richardton to the Dickinson reservoir. Design for the generator upgrades at the Dodge and the Richardton pump stations is authorized.

**6. B. Update from Manager/CEO/SWA Staff**

**6. B. 1. Easement/Signup Update**

Conzemius reviewed the Sign-up and Easement Report. A copy is on file with the official minutes.

### **6. B. 2. Water Depot Usage**

Massad reviewed the Oil Industry Usage/Revenue and Projections spreadsheets and the Depot Sales vs.

Projections spreadsheet. Industrial year end usage for 2014 was also reviewed. Copies are on file with the official minutes.

### **6. B. 3. SWPP Funding and Project Review**

Massad reviewed the SWPP Funding spreadsheet as presented. The current funding request for the SWPP for the upcoming biennium is \$100 million.

A short recess was called at 10:15 a.m. The meeting was called back to order at 10:31 a.m.

### **6. B. 4. Contract Updates**

Burwick reviewed the Industrial Use Amendments spreadsheet. A copy is on file with the official minutes

### **6. B. 5. Right of First Refusal Property**

Jack Dwyer, Legal Counsel, Massad and Burwick met with the City of Dickinson on January 26, 2015. The contract for Transfer of Service Agreement and the Right of First Refusal were discussed at this meeting. Money owed for annexing SWA customers was discussed. The Right of First Refusal includes triggering events. The Board of Directors believes SWA should move forward with the purchase of the property east of the Water Treatment Plant.

*Motion by Director Odermann, seconded by Director Leingang to negotiate purchase of the property for \$915,000 and the payments to the City of Dickinson be made by credits owed to SWA for the annexation of SWA customers into the Dickinson City limits. If annexation of SWA customers does not meet or exceed the purchase price within 5 years, SWA will be responsible to pay the City of Dickinson the balance in cash within 12 months after the five-year purchase period.*

#### *Motion Withdrawn*

Discussion on the purchase of this parcel of property continued and how to best proceed.

*Motion by Director Odermann, seconded by Director Leingang for the Manager/CEO and Legal Counsel to move forward to negotiate purchase of the property east of the Water Treatment Plant for the appraised value, \$915,000 and the payments to the City of Dickinson be made by credits owed to SWA for the annexation of SWA customers into the Dickinson City limits or cash from SWA to the City of Dickinson as negotiated by legal counsel and staff. Motion carried by roll call vote. 12-Yes/2-No. Directors Allen, Bieber, Bueligen, Eaton, Juntunen, Leingang, Odermann, Roth, Saxowsky, Schneider, Seifert and Stang voted yes. Directors Bares and Eckelberg voted no.*

### **6. B. 6. Legislative Updates**

Mike Dwyer, Legal Counsel, was conferenced in via telephone to review Legislative activities with the Board of Directors. A revised revenue forecast was discussed regarding projects that can be completed with the funds projected. The Water Coalition will need to work together to update funding needs based on the new budget projections. The Senate Appropriations Subcommittee will meet February 3, 2015, to discuss SB 2020 and how to appropriate the funds. Mike Dwyer testified on a bill February 2, 2015, requesting the SWC be funded from the General Fund rather than the Resources Trust Fund.

Massad reported on House Bill 1145. This bill requires tracking of water use for oil and gas development.

#### **6. B. 7. Legislative Events**

Southwest Night at the Legislature will be held on February 2, 2015. The times for this event are a social at 6:30 p.m. with dinner at 7:30 p.m. central standard time. This will be held at the Radisson Hotel in Bismarck. This event is hosted by the Dickinson Area Chamber of Commerce. SWA will again be a sponsor of this event. Water Day at the Legislature followed by the Legislative Social which will be held at the Best Western Ramkota Hotel in Bismarck on February 11, 2015, at 4:30 p.m. This is in conjunction with NDRWSA's Expo. Dates for Coffee with the Legislators are February 21 and March 21, 2015, from 10:00 a.m. to 11:00 a.m. at Dickinson City Hall. SWA will sponsor the February 21, 2015 event, with Mary Massad emceeding the events.

#### **6. B. 8. NDRWSA EXPO**

Massad noted the ND Rural Water Systems Association (NDRWSA) Water Expo is February 11 – 13, 2015. Directors interested in attending should contact the office. The agenda is on file with the official minutes.

#### **6. B. 9. NDRWSA Executive Board-Director-at-Large**

Massad reported there is an open position on the NDRWSA Executive Board and advised any interested Board Members to contact her for further details.

#### **6. B. 10. Missouri River Stakeholders Update**

Massad presented an update on the Missouri River Stakeholders. The SWC and many stakeholder leadership committee members testified in regards to Representative Steiner's House Bill 1249 on January 29, 2015. It was heard in the Energy and Natural Resources Committee. Chairman Porter has assigned a three-member subcommittee to work with the SWC and the Missouri River Stakeholders Leadership Committee to design a bill which will work for all. The subcommittee will meet this week to move this effort forward.

#### **6. B. 11. Water Coalition**

Massad reported on the Water Coalition meeting held on January 14, 2015. The agenda, those testifying on SB 2020 and other handouts are on file with the official minutes.

#### **6. B. 12. ND Rural Water Rates**

Massad reviewed water rates for ND Rural Water Systems. They were presented at the hearing for SB 2020. Copies reviewed are sorted based on reporting criteria. SWA's rates are below the median and average rates. Copies are on file with the official minutes.

#### **6. C. Perkins County Rural Water System Update**

Burwick reported PCRWS's engineering firm is now Advanced Engineering and Environment Services. A copy of PCRWS's Board meeting minutes is on file with the official minutes.

#### **7. Review issues pending/Parking Lot/Plan next agenda**

Massad reported on capacity issues to the west of Dickinson. Great Northern Project Development L.P. and Watco have formed a joint venture to build and operate the South Heart Rail Terminal (SHRT) on a site adjacent to the BNSF mainline approximately 5 miles west of South Heart. Construction began on the SHRT last fall and is expected to be completed in the fourth calendar quarter of 2015. The SHRT is requesting large quantities of SWPP water for their facility.

SWA has several waiting lists for people wanting water to the west.

Massad also stated several seasonal customers have requested to change to standard hookups at Blue Water Ridge. There has been a great deal of internal discussion on this matter. There is also a lot of data in relation to seasonal type 3 customers. Water usage does not warrant any changes. It is the position of management to not allow seasonal customers to switch to standard customers. It will be recommended, if additional water is needed, storage and a pump should be installed. This will allow for more customers to hook up to water and more capacity to be available throughout this region. If there are significant issues they will be brought back to the Board of Directors.

No new item(s) added to the parking lot.

There being no further business, Chairman Bares adjourned the meeting at 11:35 a.m. MST.

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Larry Bares, Chairperson

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Steve Schneider, Secretary/Treasurer