

MINUTES

North Dakota State Water Commission Telephone Conference Call Meeting Bismarck, North Dakota

September 4, 1998

The North Dakota State Water Commission held a telephone conference call meeting in the Governor's conference room, State Capitol, Bismarck, North Dakota, on September 4, 1998. Chairman, Edward T. Schafer, called the meeting to order at 11:00 AM, and requested State Engineer, and Chief Engineer-Secretary, David A. Sprynczynatyk, to call the roll. The Chairman declared a quorum was present.

MEMBERS PRESENT:

Governor Edward T. Schafer, Chairman
Roger Johnson, Commissioner, Department of Agriculture, Bismarck
Mike Ames, Member from Williston
Florenz Bjornson, Member from West Fargo
Judith DeWitz, Member from Tappen
Jack Olin, Member from Dickinson
Harley Swenson, Member from Bismarck
Robert Thompson, Member from Page
David A. Sprynczynatyk, State Engineer, and Chief Engineer-Secretary,
North Dakota State Water Commission, Bismarck

MEMBER ABSENT:

Elmer Hillesland, Member from Grand Forks

OTHERS PRESENT:

State Water Commission Staff
Julie Krenz, Assistant Attorney General, Bismarck
Dale Van Eckhout, Rural Development Program Director, USDA, Bismarck

The attendance register is on file with the official minutes.

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

APPROVAL OF AGENDA

There being no additional items for the agenda, the Chairman declared the agenda approved, and requested Secretary Sprynczynatyk to present the agenda.

**SOUTHWEST PIPELINE PROJECT -
APPROVAL OF FUNDING
OF CONTRACT 7-4/7-3A FOR**

The Commission members were informed on August 13, 1998 of the possible inclusion of a small rural water

**EAST RAINY BUTTE POCKET
NO. 2 SERVICE AREA
(SWC Project No. 1736)**

“pocket” area to the Southwest Water project approved in the bond documents. The East Rainy Butte pocket would add 36 rural connections to the

project. The estimated cost of constructing this pocket is \$1,050,000, however, by deferring construction of service lines to four users until the Amidon service area is constructed, the cost is reduced to approximately \$880,000. Secretary Sprynczynatyk explained it is anticipated that \$700,000 of the USDA grant will be unspent at the conclusion of the construction of the Bucyrus service area. The USDA has indicated \$100,000 is available for the East Rainy Butte Pocket No. 2 service area, and the balance of \$80,000 would come from the Resources Trust Fund allocation to the Southwest Pipeline Project.

The East Rainy Butte Pocket No. 2 service area is directly to the south of one of the three pocket service areas in contract 7-3A. The contractor is nearing completion of the plowing activities in the 7-3A contract area and could begin construction in the East Rainy Butte Pocket No. 2 service area in the next few weeks. The contractor has been informed, through a contract change order, to begin construction on the East Rainy Butte Pocket No. 2 service area, with the exception of one of the branch lines with an estimated construction cost of \$80,000, which is contingent upon the Commission’s action regarding the USDA loan.

Secretary Sprynczynatyk indicated the available USDA funding would be in the form of a loan secured by 1998 Series C revenue bonds issued under the Southwest Pipeline Project General Bond Resolution. The requirements outlined in the letter of conditions for USDA funding were explained, and the following documents were presented for the Commission’s consideration:

- **Resolution Authorizing Execution of Letter of Intent to Meet Conditions**

This document indicates the State Water Commission’s intent to meet the conditions stipulated in the Letter of Intent.

- **Resolution Authorizing Execution of Request for Obligation of Funds**

This document allows completion of USDA’s Form FmHA 1940-1 and is a request to USDA to set aside funding for construction of the project.

Secretary Sprynczynatyk stated the 32 users would each pay \$23.64 per month in capital repayment at the 1998 rates, which would generate approximately \$9,078 per year in capital repayment. The estimated debt service on the Series C bonds would be approximately \$7,000.

The Southwest Pipeline Project General Bond Resolution relating to the annual fee for the Trustee was discussed. Secretary Sprynczynatyk said efforts are being made to negotiate a reduction in the annual fee, and briefed the Commission members on the options that could resolve this issue. The Commission members directed the State Engineer to pursue options for reducing the fees for Trustee services.

It was the recommendation of the State Engineer that the State Water Commission adopt the **Resolution Authorizing Execution of Letter of Intent to Meet Conditions** and the **Resolution Authorizing Execution of Request for Obligation of Funds**.

(Note: Because the documents were not finalized when the memorandum was faxed to the Commission members, the following documents were also presented by USDA at the Commission meeting: Assurance Agreement, Equal Opportunity Agreement, and the Resolution Concerning Operation and Maintenance and Reserving Funds for Replacement. Commission action authorizing execution of these documents will be requested at the Commission meeting authorizing the loan resolution for the Series C bonds.)

It was moved by Commissioner Johnson and seconded by Commissioner Olin that the State Water Commission adopt the following documents for USDA funding for the East Rainy Butte Pocket No. 2 service area of the Southwest Pipeline Project:

- 1) Resolution Authorizing Execution of Letter of Intent to Meet Conditions*
- 2) Resolution Authorizing Execution of Request for Obligation of Funds*

SEE APPENDIX "A"

Commissioners Ames, Bjornson, DeWitz, Johnson, Olin, Swenson, Thompson, and Chairman Schafer voted aye. There were no nay votes. The Chairman declared the motion unanimously carried.

**SOUTHWEST PIPELINE PROJECT -
WATER TREATMENT PLANT
(SWC Project No. 1736)**

requests are pending from the city of Dickinson and the Southwest Water Authority for the State Water Commission to do a non-binding review in an effort to resolve the controversial issues.

Secretary Sprynczynatyk briefed the Commission members on cost issues relating to the city of Dickinson's water treatment plant. He said

**DEVILS LAKE AVAILABLE
STORAGE ACREAGE PROGRAM
(ASAP)
(SWC Project No. 1882-01)**

the importance of continuing the water storage program in the basin. He said it is likely a recommendation will be presented for the Commission's consideration for continuation of the ASAP program in 1999.

Secretary Sprynczynatyk reported the current elevation of Devils Lake is 1444.05 feet msl. Although the lake receded approximately seven inches in the past two months, he stressed

**NEXT STATE WATER
COMMISSION MEETING**

The next meeting of the State Water Commission is scheduled for October 19, 1998 in Bismarck, North Dakota.

There being no further business to come before the State Water Commission, Governor Schafer adjourned the telephone conference call meeting at 11:20 AM.

/S/ Edward T. Schafer
Edward T. Schafer
Governor-Chairman

SEAL

/S/ David A. Sprynczynatyk
David A. Sprynczynatyk
State Engineer, and
Chief Engineer-Secretary

