

RED LAKE WATERSHED DISTRICT
Board of Manager's Minutes
July 23, 2015

President Dale M. Nelson called the meeting to order at 9:00 a.m. at the Red Lake Watershed District Office, Thief River Falls, MN.

Present were: Managers Dale M. Nelson, Orville Knott, Gene Tiedemann, and Les Torgerson.
Absent: LeRoy Ose. Staff Present: Myron Jesme and Tammy Audette and Legal Counsel Delray Sparby.

The Board reviewed the agenda. A motion was made Tiedemann, seconded by Knott, and passed by unanimous vote that the Board approve the agenda. Motion carried.

Motion by Coe, seconded by Tiedemann, to dispense reading of the July 9, 2015 Board meeting minutes and approve as printed. Motion carried.

The Board reviewed the Financial Report dated July 22, 2015. Motion by Tiedemann, seconded by Torgerson, to approve the Financial Report dated July 22, 2015. Motion carried.

Polk County Administrator Chuck Whiting and County Commissioner Nick Nicholas appeared before the Board to discuss the Bond for the construction of RLWD Ditch 15, Project No. 175. Whiting stated that the initial Bond Counsel review determined that the bond would be a taxable issue and therefore it would increase the cost to the landowners in the benefitted area by \$150,000. After a conference call was held last week between the County, Legal Counsel Sparby and the Bonding company, it was determined that the bond could be purchased as a tax exempt bond, therefore saving the landowners from the increased costs. Whiting asked, even though it is a tax exempt bond, would the District Board consider financing the project itself and not bonding for the cost and assessing the cost back to the landowners over a period of years to be determined by the District? The issuance costs and a set interest rate would be added on to the final amount of a bond issue, therefore no bonding costs would be associated for the project if it would be a direct assessment from the District's funds. Whiting stated that if the District funded the project, the county would do the lien statements and then pay the District back from assessments collected. Discussion was held among the Board in regard to the fact that the District already agreed to contribute funds from our Capital Project Funding in the amount of \$200,000.00 towards the cost of this project. This Capital Project funding was earmarked to the construction of the legal drainage system only because the District would have had to spend this money anyway to better operate the Brandt Impoundment. Further discussion was held on the tax exempt bond and what the District Capital Project Fund levy is intended for and that the levy is set by the RRWMB. After considerable discussion, it was the consensus of the Board, to move forward with the tax exempt bond issuance in the amount of \$1,430,000.00, plus fees.

Staff Member Arlene Novak presented the 2016 Taxable Market Value Worksheet. Manager Knott stated that that Red River Watershed Management Board will levy an ad valorem taxable rate at 75% of the current taxable market value.

Staff Member Arlene Novak reviewed the 2015 General Fund Budget as of June 30, 2015.

Discussion was held on gathering information for the 2016 Budget and Salary Committee meeting. It was the consensus of the Board, that the 2016 Budget and Salary Committee will meet prior to the August 13, 2015 Board meeting.

At 9:30 a.m., President Dale M. Nelson reconvened the general meeting and called the hearing to order for the Abandonment of Judicial Ditch 5, RLWD Project No. 102. President Nelson turned the meeting over to Legal Counsel Sparby to address the hearing and its process. Sparby indicated that the hearing is being videotaped and will be available for viewing at the RLWD office. It was also noted that the appropriate notices as required by statute had been given. Engineer Nate Dalager, HDR Engineering, Inc. presented information regarding the possible abandonment of Judicial Ditch 5, RLWD Project No. 102 and also information regarding the potential Four Legged Lake Flood Damage Reduction Project. Engineer Dan Sauve, Clearwater County Highway Department and landowner Patty Olson were in attendance. Sauve expressed the concern of Clearwater County, stating that the County hereby objects to the abandonment of the drainage system if another project were not to be put into place to control the water levels. He stated that if no project were to be put into place, that he believes the drainage system serves a useful purpose for the surrounding property, and to the county and township roads. Sauve stated that there is documentation that county roads have been damaged as a result of the unauthorized raising of the ditch outlet on at least three occasions, with the last being in 1999. After all in attendance were given a chance to ask questions and/or make comments, the hearing was closed for public comment. Discussion was held in regard to the potential outcome of the Four Legged Lake Flood Damage Reduction Project and the Abandonment of Judicial Ditch 5, RLWD Project No. 102. Motion by Torgerson, seconded by Tiedemann, to table the decision of the Abandonment of Judicial Ditch 5, RLWD Project No. 102 pending the outcome of the Four Legged Lake Flood Damage Reduction Project, RLWD Project No. 102A project team process. Motion carried.

Engineer Jeff Langan, Houston Engineering, Inc. reviewed Change Order No. 10 for construction of the Grand Marais Creek Channel Restoration, Project No. 60F in the amount of \$-4,104.56. Langan stated that the Change Order is for the reduction of approximately ½ of the seeding, but due to the reduction of incidental items the Subcontractor was not paid as much to cover his costs. Langan stated that as part of Change Order he would like to compensate the Subcontractor in the amount not to exceed \$11,293.24 to cover incidental amounts that the Subcontractor would have worked into his bid had the original contract amount for seeding. Langan stated that the Change Order also reflects the assessment of liquidated damages. Motion by Knott, seconded by Tiedemann, to approve Change Order No. 10, which results in a reduction in cost in the amount of \$4,104.56 for the Grand Marais Creek Channel Restoration, Project No. 60F. Motion carried.

The Board reviewed Pay Estimate No. 11 in the amount of \$58,590.07 for construction of the Grand Marais Creek Channel Restoration Project, RLWD Project No. 60F. Motion by Tiedemann, seconded by Coe, to approve Pay Estimate No. 11 in the amount of \$58,590.07 to

Davidson Construction, Inc. for construction of the Grand Marais Creek Channel Restoration Project, RLWD Project No. 60F. Motion carried.

Engineer Jeff Langan, Houston Engineering, Inc. recommended to the Board a reduction in retainer from 10% to 2.5% for R.J. Zavoral & Sons, Inc. for construction of the Grand Marais Creek Channel Restoration-Stage 2-Diversion Structure, RLWD Project No. 60F. Motion by Tiedemann, seconded by Torgerson, to approve the reduction in retainer for the Grand Marais Creek Channel Restoration-Stage 2-Diversion Structure, Project No. 60F, from 10% to 2.5%. Motion carried.

Engineer Jeff Langan, Houston Engineering, Inc. discussed construction progress for the Grand Marais Creek Channel Restoration-Phase 2, Diversion Structure, RLWD Project No. 60F. The Board reviewed Pay Estimate No. 4 in the amount of \$201,531.84 for construction of the Grand Marais Creek Channel Restoration-Phase 2, Diversion Structure, RLWD Project No. 60F. Motion by Torgerson, seconded by Knott, to approve Pay Estimate No. 4 in the amount of \$201,531.84 to R.J. Zavoral & Sons, Inc. for construction of the Grand Marais Creek Channel Restoration-Phase 2, Diversion Structure, RLWD Project No. 60F. Motion carried.

Administrator Jesme stated that the Grand Marais Creek Joint Powers Board will be meeting today, where they will tour the project area and set the Final Payment Hearing date for Davidson Construction, Inc. and R.J. Zavoral & Sons, Inc. for construction of the Grand Marais Creek Channel Restoration Project, RLWD Project No. 60F.

The Board reviewed the Final Payment in the amount of \$59,812.80 to R.J. Zavoral & Sons, Inc. for additional work on the Grand Marais Creek Cut Channel Project No. 60FF. Engineer Jeff Langan, Houston Engineering, Inc. stated that additional resloping of the north bank was completed in cooperation with Polk County immediately downstream of the diversion structure. Motion by Tiedemann, seconded by Knott, to approve the Final Payment to R.J. Zavoral & Sons, Inc. in the amount of \$59,812.80 for the Grand Marais Creek Cut Channel Project No. 60FF. Motion carried.

Motion by Coe, seconded by Knott, to set the Final Payment Hearing to Davidson Construction, Inc. for construction of RLWD Ditch 15, Project No. 175 to be held at the regularly scheduled Board meeting on August 27, 2015 at 9:30 a.m. at the District office. Motion carried.

Administrator Jesme stated that Grade Stabilization Project on Judicial Ditch 72 was completed in conjunction with the Clearwater SWCD. Judicial Ditch 72, RLWD Project No. 41 is a legal drainage system under the jurisdiction of the District. The Clearwater SWCD received a Board of Water & Soil Resource Clean Water Fund grant for grade stabilization on the system, with the District cost sharing 25% of the funding through the Districts Erosion Control Funds, RLWD Project No. 164. The grant will also call for the establishment of a buffer strip in which the District has entered into a perpetual easement agreement with Milo Rouland and other family members to purchase a 16 ½ foot buffer strip on a portion of the system. Jesme stated that after the construction was complete, the area received a 3" rain event, therefore eroding the top soil

and seed mixture. The Contractor will reinstall the topsoil and install a seed blanket, in hopes to ensure less erosion if an additional rain event would transpire.

Administrator Jesme stated Judicial Ditch 72, RLWD Project No. 41 is part of a Joint Board between the District and Polk County. The Clearwater SWCD has extra funding to establish additional buffer strips on the system. The District would purchase one rod acre from the landowner for a perpetual easement for establishment of the buffer strip. The additional funding through the Clearwater SWCD is only for the establishment of the buffer, and not for land acquisition. It was the consensus of the Board to have Administrator Jesme have discussion with Polk County in regard to having a Judicial Ditch 72 Joint Board meeting.

The Board reviewed correspondence from the U.S. Army Corps of Engineers (Corps) in regard to the Corps de-authorizing certain Corps built clearing and snagging projects, such as the Red Lake River Stages 1 and 2, Clearwater River Section 208, Lost River Section 208 that are within the District's boundaries. It was the consensus of the Board, to have Administrator Jesme complete some research on this project and report back to the Board. The Corps requests a response by September 30, 2015.

The Board reviewed correspondence from the Red River Retention Authority in regard to a Memo of Understanding for potential RCPP funding through the NRCS for the Pine Lake Project Area Flood Damage Reduction Project No. 26 and the Four Legged Lake Flood Damage Reduction Project No. 102A. Administrator Jesme stated that it was decided to sign up both projects for potential funding for engineering, which will later determine if there would be funds to help fund construction.

Administrator Jesme stated that the Clearwater SWCD requested a \$500 cost share to assist a landowner for well sealing. It was the consensus of the Board that the District will not participate in assistance for well sealing.

Administrator Jesme stated that he was contacted regarding additional erosion taking place on the Rocksbury Section 20 Erosion Site, RLWD Project No. 86. It was the consensus of the Board, to have District staff view the site and report back to the Board at a later date.

The Board reviewed correspondence from the Minnesota Department of Commerce regarding the application of Enbridge Energy for a Certificate of Need and a Pipeline Route Permit for the Line 3 Pipeline Replacement Project.

The Board reviewed the permits for approval. Motion by Knott, seconded by Torgerson, to approve the following permits with conditions stated on the permit: No. 15072 and 15087, Pennington County Highway Department, River Falls Township; No. 15086, Terry Timm, Pennington County, Rocksbury Township; No. 15088, Pennington County Highway Department, Silverton Township; No. 15089, Pennington County Highway Department, Rocksbury Township; No. 15090, Mayfield Township, Pennington County; No. 15091, Dale Knutson, Red Lake County, Terrebonne Township; No. 15092 and 15093, Kevin Amiot, Red Lake County,

Louisville Township; and No. 15094, Brenda Schindler, Red Lake County; Gentilly Township.
Motion carried.

Administrators update:

- Manager Knott attended the RRWMB meeting held on July 21st in Ada. Jesme was unable to attend due to an appointment. Included in the packet was the May 19, 2015 RRWMB meeting minutes.
- Jesme presented the 2014 Annual Report to the Pennington County Commissioners on July 14th, followed by Jesme and Manager Knott attending the Red Lake County Commissioners' meeting. Both meetings included discussion on buffer strips, tile drainage and continuing need for FDR.
- Jesme participated in a 1W1P Planning meeting on July 1st with LGU staff and Henry VanOffelen to discuss tools and data that could be used in developing the plan. On July 15th the 1W1P Technical Advisory Committee met, followed by the Citizen Advisory Committee and the Policy Committee meeting.
- Jesme and Manager Knott attended a presentation sponsored by Polk County and attended by many others including Kurt Deter to discuss the Riparian Protection and Water Quality Practice (Buffer Bill). The presentation that Deter presented was included as part of the Board packet. The packet which included the outline of the bill and the roles that each LGU could have in implementing the legislation. Page 2 of the presentation under Public Ditches reads that "continuous buffer of perennial rooted vegetation on ditches within the benefitted area of a public drainage system.
- On July 17th, Jesme attended the Four Legged Lake and the Pine Lake Area Project Work Team meetings held in the District office. Both projects made good strides in moving forward for collaboration with all interested parties.
- Jesme completed the "Accomplishment Plan Status Update" required by the Lessard Sam Outdoor Heritage Council for the Grand Marais Creek Outlet Restoration Project. Jesme will also need to complete a final report on the project after the final hearing is held and all bills submitted.

Legal Counsel Sparby clarified with the Board, the request of Polk County for the bond on Ditch 15, RLWD Project No. 175. Sparby stated that the Bond Counsel was viewing the District as the taxing authority and holding the District to the same standards as Polk County, which is not correct as we do not have the general taxing authority of Counties under the current law. Sparby stated that when completing a future legal drainage project, it would be at the best interest of the District to submit a bonding resolution to the County Board from which the project will be constructed.

Manager Torgerson stated that he had been contacted by Kyle Anderson who is developing land on the north shore of Pine Lake near the outlet structure. Mr. Anderson asked if the District would be willing to abandon the current easement for access to the Pine Lake outlet structure and grant a new easement utilizing the new roads put in place for development of the property. It was the consensus of the Board, to authorize Staff member Loren Sanderson to investigate the

possibility of a new easement for access to the outlet structure and report back to the Board at a later date.

Manager Coe discussed an email he received from LeAnn Buck, Executive Director of the Minnesota Association of Soil and Water Conservation District's regarding Ground Water Informational meetings.

Discussion was held in regard to the Board and Administrator Jesme attending the Grand Marais Creek Joints Powers Board meeting to be held at 12:00 p.m. at the One N Only in Euclid, followed by a tour of the Grand Marais Creek Channel Restoration Project. Only Managers Tiedemann, Torgerson and Knott will attend the meeting/tour, therefore a quorum will not be present.

Motion by Tiedemann, seconded by Knott, to adjourn the meeting. Motion carried.

A handwritten signature in blue ink that reads "LeRoy Ose". The signature is written in a cursive style and is positioned above a horizontal line.

LeRoy Ose, Secretary