

APPROVED (February 27, 2006)

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**REGULAR MEETING OF THE BOARD OF MANAGERS OF THE
MIDDLE- SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
HELD AT 453 NORTH MCKINLEY STREET, WARREN, MN
3:30 P.M. JANUARY 23, 2006**

The meeting was called to order by Vice President David Bakke. Managers David Bakke, Alvin Nybladh, Ben Kleinwachter, John W Nelson and Tracy Anderson were present. Managers Doug Sorenson and Arlyn Stroble were not present. Attorney Jeff Hane, Ronald J Adrian, Nick Drees, Kelly Nelson, Connie Kalinowski, Philip Omdahl, Roger Hille, Gordon Pietruszewski, Wally Diedrich and Jim Stengrim were also present.

Motion by Mr. John W Nelson, seconded by Mr. Ben Kleinwachter, that Connie Kalinowski be appointed the recording secretary for purposes of keeping the minutes of the meeting. Motion unanimously carried.

Motion by Mr. Tracy Anderson, seconded by Mr. Alvin Nybladh to approve the agenda as presented. Motion unanimously carried.

Motion by Mr. Ben Kleinwachter, seconded by Mr. Alvin Nybladh to approve the minutes of the December 19, 2005 meeting as corrected, and the minutes of the January 19, 2006 special meeting as presented. Motion unanimously carried.

Ron Kalinoski and Jeff Brouse joined the meeting at approximately 3:36 p.m.

Brian Jadeke joined the meeting at approximately 3:37 p.m.

Motion by Mr. Tracy Anderson, seconded by Mr. John W Nelson to approve the Treasurers Report, subject to audit. Motion unanimously carried.

Motion by Mr. Tracy Anderson, seconded by Mr. Alvin Nybladh, that the bills be paid including the following: from the Administrative Funds, that payroll checks numbered 4295 through 4310 inclusive for a total of \$17,613.58; that checks numbered 12905 through 12910 inclusive for a total of \$10,820.42; that checks numbered 12902, 12903, 12904 and checks #12911 through 12934 inclusive, including the bank service charge for a total of \$7,991.64 be paid;. From the Administrative Project Funds that checks numbered 1156 through 1166 inclusive for a total of \$138,557.30 be paid; from the Administrative RRWMB Fund checks numbered 105 and 106 for a total of \$11,904.75; and from the Ditch Funds that checks numbered 2119 through 2127 inclusive for a total of \$242,598.20 be paid. Motion unanimously carried.

The permit (05-079) application of Eugene Larson to build a dike around the E2 E2 of section 11 of Viking Township was discussed. Nick Drees reported that he has not received a response from Mr. Larson, and that he has contacted the

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adjacent landowner and he has no problem with the permit request to build a dike.

Motion by Mr. John W Nelson, seconded by Mr. Ben Kleinwachter to approve the following permits:

Permit (06-001) be issued to McCrea Township to construct a road along the north side of section 1 of McCrea Township, for approximately ¼ mile, and if necessary to install 18" diameter culverts for field approaches.

Motion unanimously carried, with Mr. Tracy Anderson abstaining.

Permit (05-079) be issued to Mr. Eugene Larson to construct a dike in the E2 E2 of Section 11 of Viking Township, provided the elevation of the dike is lower than the township roads.

Motion unanimously carried.

Roger Hille, with the Minnesota Department of Transportation discussed the permitting procedure of the State Highway Department. He stated that they do not issue permits for excavating in the highway right of way without a permit from the Watershed District. He stated that he would like to expedite the permitting process with the Watershed District by the District issuing a blanket permit or letter if the permit request is for cleaning only and does not change the ditch grade or add, remove or change elevations of culverts.

Roger Hille left the meeting at approximately 4:00 p.m.

Ron Kalinoski and Jeff Brouse discussed the drainage problem on Judicial Ditch #15, Branch A, in sections 19 and 30 of New Solem Township. They stated the ditch is presently overgrown with debris and cattails for approximately 2 miles.

Nick Drees reported that Houston Engineering is in the process of preparing a recommendation on Judicial Ditch #15. It was decided the Board would review this once the report from Houston Engineering is received.

Ron Kalinoski and Jeff Brouse left the meeting at approximately 4:30 p.m.

Gordon Pietruszewski discussed the drainage in section 34 of Augsburg Township. He stated he would like permission to install a larger culvert under the private driveway. The Board requested that he fill out a permit application with the necessary landowner signatures and return the application to the Watershed District.

Gordon Pietruszewski left the meeting at approximately 4:35 p.m.

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Manager John W Nelson questioned the status of the Higdem Community Ditch. He was informed the permit application was received late this afternoon and that Houston Engineering has not had a chance to review it.

Correspondence from Chris Pueringer on Judicial Ditch #15, Branch A was distributed.

Data Practice requests from Jim Stengrim and Loren Zutz were distributed and reviewed.

It was announced that the Land Lease for Parcel 1 in sections 11 and 14 of Sandsville Township has been signed, and that the apparent high bidder for Parcel 2 has withdrawn his bid. Nick Drees reported that the second highest bidder for Parcel #2 has expressed interest in renting the property.

Motion by Mr. John W Nelson, seconded by Mr. Tracy Anderson to offer the property to the second highest bidder with the terms and conditions to remain the same. Motion unanimously carried.

A discussion was held concerning the lands purchased for the Agassiz Valley Water Management Project.

Motion by Mr. John W Nelson, seconded by Mr. Ben Kleinwachter that the District advertise for rent, for a 1 year lease, the properties in the NE4 and NW4 of section 7 of Comstock Township, in the Warren Sheaf and the Stephen Messenger, for two consecutive weeks, with the bid opening on February 27, 2006, at 3:30 p.m. Motion unanimously carried.

Nick Drees reported the Phase 2 of the PL-566 project is complete except for some minor seeding and channel work; that he is waiting for a construction schedule on the diversion and structure on Phase 3B; that the District is continuing to negotiate with the US Army Corps of Engineers on the wetland mitigation; and that an appeal hearing was held in St. Paul on the Zutz appeal on Phase 2.

Nick Drees reported that the District has not heard from one landowner owing funds to the District for construction of a farmstead ring dike, and that one landowner has made a partial payment. Jeff Hane advised the Board to file a claim in small claims court for the one landowner who has not responded to previous correspondence.

Motion by Mr. Ben Kleinwachter, seconded by Mr. Alvin Nybladh that the District make a claim in Small Claims Court on the landowner owing funds for the construction of the farmstead ring dike. Motion unanimously carried.

Nick Drees reported that the District has received from the State of Minnesota a Flood Hazard Mitigation Grant for the construction of farmstead ring dikes in the

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amount of \$37,500.00, and that on the farmstead ring dike grant agreement #8, \$55,312.23 remains.

Motion by Mr. Tracy Anderson, seconded by Mr. John W Nelson that the President and Secretary sign the Flood Hazard Mitigation Grant Agreement with the State of Minnesota for the construction of farmstead ring dikes and that the following resolution be adopted:

FARMSTEAD RING DIKES RESOLUTION DESIGNATING AUTHORIZED OFFICIAL

BE IT RESOLVED that Middle-Snake-Tamarac Rivers Watershed District, hereinafter referred to as the Applicant act as legal sponsor for the project contained in the Flood Damage Reduction Grant Assistance Program Application submitted on _____ and that Nick Drees is hereby authorized to apply for the Department of Natural Resources for funding of this project on behalf of the Applicant.

BE IT FURTHER RESOLVED that the Applicant has the legal authority to apply for financial assistance, and the institutional, managerial and financial capability to ensure adequate acquisition, maintenance and protection of the proposed project.

BE IT FURTHER RESOLVED that the Applicant has not incurred any construction costs or has not entered into any written agreements to purchase property proposed by this project.

BE IT FURTHER RESOLVED that the Applicant has not violated any Federal, State, or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the State, the Applicant may enter into an Agreement with the State of Minnesota for the above references project, and that the Applicant certifies that it will comply with all applicable laws and regulations as stated in the contract agreement.

NOW, THEREFORE BE IT RESOLVED that Nick Drees is hereby authorized to execute such Agreements as are necessary to implement the project on behalf of the Applicant.

Motion unanimously carried.

The Board directed Nick Drees to advertise to District landowners the Districts ring dike cost share program.

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It was reported that the wetland monitoring of the Angus Oslo Site #4 is progressing and that the completion of the contract per the settlement requirements is completed, with the exception of some remaining seeding and erosion control practices.

A discussion was held concerning the extension of the FEMA grant for the repair of Judicial Ditch #75. It was reported that an environmental review by the Army Corps of Engineers would be needed to reslope Judicial Ditch #75.

Motion by Mr. Alvin Nybladh, seconded by Mr. Ben Kleinwachter that the District sign the extension filed with FEMA for Judicial Ditch #75 and to proceed with the environmental review.

A discussion was held regarding the right of way on State Ditch #3. Nick Drees was directed to check the slopes west of CSAH #10.

Nick Drees reported that a meeting was held with Ron Adrian, Steve Nelson and Jerry Pribula regarding County Ditch #175; and that the bond refinancing on Watershed Ditch #5 and Watershed Ditch #6 has been completed.

Loren Zutz joined the meeting at approximately 5:24 p.m.

It was reported that the Red River Watershed Management Board meeting was held on January 17, 2006 at Thief River Falls. The activity report of the District was distributed.

Nick Drees reported that the Beaver Control Grant application hasn't been completed; that he attended the eminent domain hearing in St. Paul, and Ray Bohn will keep the Watershed Districts up to date on the progress of the bill.

He also reported that he attended the Marshall County Board meeting and that it was suggested that a couple commissioners and board members meet informally to discuss common issues. Managers John W Nelson, Alvin Nybladh and Ben Kleinwachter will be available to meet with the commissioners, with Nick Drees to work out the details with the County Auditor.

Jim Stengrim left the meeting at approximately 5:35 p.m.

It was reported that a meeting was held, in the District office, with affected landowners and the Administrator of the Red Lake Watershed District, regarding the proposed Project 60.

Nick Drees reported that he met with Tim Finseth regarding a joint meeting with the Marshall County SWCD. It was agreed that Tracy Anderson and David Bakke would attend the joint meeting.

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A letter to Leland Anderson from the Marshall County Water and Land Office concerning the counties Flood Plan Ordinance was reviewed and discussed.

Wally Diedrich left the meeting at approximately 5:50 p.m.

The quotes on the umbrella insurance policy from Thompson Insurance was reviewed. Connie Kalinowski was directed to receive quotes from other agencies for the District's insurance.

The public officials insurance from ICS Agency was reviewed.

Motion by Mr. John Nelson, seconded by Mr. Tracy Anderson to increase the bond coverage for each manager to \$25,000. Motion unanimously carried.

A discussion was held on the 2005 audit.

Motion by Mr. Ben Kleinwachter, seconded by Mr. Alvin Nybladh to amend the December 2004 minutes to change the 2005 fiscal year ending to December 31, 2005, upon the condition it is possible to do, and that Mark Hatton of Dahl, Hatton, Muir and Reese be retained to perform the 2005 audit. Motion unanimously carried, with Mr. Tracy Anderson abstaining.

Connie Kalinowski was directed to contact Mark Hatton regarding the 2005 audit.

Motion by Mr. Tracy Anderson, seconded by Mr. John Nelson, that the secretary be authorized to sign the audit confirmation documents for the 2005 audit. Motion unanimously carried.

A discussion regarding the employee's health insurance was held.

Motion by Mr. Tracy Anderson, seconded by Mr. John W Nelson that the employees health insurance will be compensated as follows: for a Family policy the District will provide funds not to exceed \$800 per month, and for a single policy, funds not to exceed \$300, with the excess funds, if any, deposited into a medical savings plan, and the employee to be responsible for any amounts over the compensated amounts. Motion unanimously carried.

It was announced that effective December 1, 2005, the salary of Kelly Nelson, assistant Engineer of the District, has been increased 10%, per employee policy.

Motion by Mr. Tracy Anderson, seconded by Mr. John W Nelson that the following adjustments be made to employee compensation:

Doug Mager 5% increase
Ron Sorvig 11% increase
Nick Drees 6% decrease,
Connie Kalinowski 0%

Motion unanimously carried.

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Motion by Mr. Tracy Anderson, seconded by Mr. John W Nelson that Connie Kalinowski's job title be changed from secretary to Administrative Assistant. Motion unanimously carried.

The employee handbook was distributed for review. It was agreed that Attorney Jeff Hane would review it and report back to the Board.

Jeff Hane announced that under section 13D.05, subd. 3, (c) 3 he requested that the meeting be closed to develop or consider offers or counteroffers for the purchase or sale of real or personal property in the SW4 of section 11, T154N, R47W, consisting of 160 acres more or less, and that this portion of the meeting would be recorded, followed by discussion on legal theories and strategies on the Agassiz Valley Water Management Project.

Motion by Mr. Ben Kleinwachter, seconded by Mr. Alvin Nybladh that the meeting be closed to develop or consider offers or counteroffers for the purchase or sale of real or personal property. Motion unanimously carried.

Loren Zutz and Brian Jadeke left the meeting at approximately 7:21 p.m.

The meeting was closed at approximately 7:22 p.m. Managers David Bakke, Tracy Anderson, Alvin Nybladh, John W Nelson and Ben Kleinwachter were present. Others present were Attorney Jeff Hane, Ron Adrian, Nick Drees and Connie Kalinowski.

At approximately 8:03 p.m., the Board, under closed session, wanted to discuss legal theories and strategies on the Agassiz Valley Water Management Project. This portion of the closed meeting was not recorded.

Philip Omdahl joined the meeting at approximately 8:15 p.m.

Motion by Tracy Anderson, seconded by Mr. Alvin Nybladh to reopen the meeting. Motion unanimously carried.

The meeting was reopened and recessed at approximately 8:20 p.m.

Philip Omdahl left the meeting at approximately 8:20 p.m.

Manager Alvin Nybladh left the meeting at approximately 8:22 p.m.

Loren Zutz and Brian Jadeke joined the meeting at approximately 8:25 p.m.

The meeting reconvened at approximately 8:27 p.m.

The board reviewed the schedule of the 2006 regular board meetings.

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Motion by Mr. Arlyn Stroble, seconded by Mr. John W Nelson, that the regular meetings of the Board of Managers for the year 2006 be held on the third Monday of each month, except if the third Monday is a holiday, then it be held on the 4th Monday, and that meetings be held at 3:30 p.m., from November through April, and at 7:00 p.m., May through October with all meetings being held at the District office, at 453 N McKinley St, Warren, Minnesota. Motion unanimously carried.

Motion by Mr. John W Nelson, seconded by Mr. Ben Kleinwachter that the designated depositories for the funds of the District be the Bremer Bank in Warren, Minnesota and the Community Bank of Warren, Minnesota, and other depositories as the Board may designate. Motion unanimously carried.

Motion by Mr. Tracy Anderson, seconded by Mr. John W Nelson that the official newspapers of the District include the following: Warren Sheaf, Stephen Messenger, Crookston Times, Thief River Falls Times, Kittson County Enterprise, and the Roseau Times, and that the official publications be made in any or all of these newspapers as required by statute. Motion unanimously carried.

Motion by Mr. Ben Kleinwachter, seconded by Mr. Tracy Anderson that the Districts Legal Council be the law firm of Brink, Sobolik, Severson, Malm, and Albrecht of Hallock, Minnesota. Motion unanimously carried.

Motion by Mr. John W Nelson, seconded by Mr. Ben Kleinwachter that the 2006 mileage rate, for purposes of conducting watershed business, follow Internal Revenue Service guidelines, with the rate set at 44.5¢, effective January 1, 2006. Motion unanimously carried.

The next regular meeting was scheduled for February 27, 2006, at 3:30 p.m., at the District office.

Motion by Mr. John W Nelson, seconded by Mr. Ben Kleinwachter to adjourn the meeting. Motion unanimously carried.

The meeting was adjourned at approximately 8:34 p.m.

Connie Kalinowski
Recording Secretary

Ben Kleinwachter
Secretary