SPECIAL MEETING

1. A special meeting of the Wild Rice Watershed District Board of Managers was held on Tuesday April 5, 2005, at the VFW Meeting Room located at 415 West Main Street, Ada, MN. The following members were in attendance: Joe Spaeth, Warren Seykora, Jim Skaurud, Steve Dalen, Diane Ista, James Wagner Sr. and Bob Wright. The following members were absent: None. In addition the following persons were in attendance: Administrator Jerry Bennett, Attorneys Elroy Hanson; Jackie Anderson, Nilles Law Firm; Lynn Hummel, Hummel Law Firm; Loretta Johnson, recording secretary and members of the public whose names are attached at the end of these minutes.

2. Chairman Seykora called the meeting to order at 9:00 a.m.

3. Seykora gave a brief history of the position of Administrator of the Wild Rice Watershed District and introduced board members.

4. A motion was made by Manager Ista and seconded by Manager Dalen to terminate the contract of J.B. Asc., Ltd. immediately to be compensated for the 30 day period of the contract. Discussion followed.

5. Manager Wagner stated that he personally listened to his constituents and would agree to terminate the contract of Jerry Bennett. Manager Ista stated that she received the same type of information from her constituents who are asking for the J.B. Asc. Ltd. contract to be terminated. Ista followed by addressing the resources brought forward by contractors Houston Engineering, Wambach & Hanson Law Firm, Marcussen Accounting and Tim Halle. Ista also discussed the contract with J.B. Asc; the fact that no one is able to determine the money he is making and felt the District Administrator should be a salaried position. Ista also discussed the difficulty of getting what she considered public information from the District office, including meeting notes. Ista also felt there is a backlog of work in the District office, and J.B. Asc. Ltd. is now advertising to take on additional clients. Manager Dalen stated that Watershed District Managers are appointed by their respective County Commissioners and felt that it is important to be the control of the Watershed District back into the hands of County Commissioners. Manager Wright expressed concerns about the proposed motion to immediately terminate the contract of Jerry Bennett. The District will be going into the busy construction season and without a functioning administrator there will be no continuity in the office. Wright felt that it would take time to work out an employer/employee relationship with all district employees. Manager Skaurud stated that he also was a previous contractor and would have been offended if he had been asked to verify his costs and profit. Skaurud stated that his only concern is whether the job is done properly, felt that it is and would vote against the motion. Manager Ista stated that someone could quickly be put in place within the District office to maintain the continuity and felt that this is not a valid reason for not terminating the current administrative contract.
Manager Dalen commented that the District is in need of flood damage reduction; water in the eastern portion of the District naturally runs down to the western portion. Manager Seykora stated that he lives in the eastern portion of the District in Becker County and doesn't view this as an easterly/westerly issue; rather he tries to do the best job possible for the landowners who need it the most. As far as the contractual issues, he stated that the complete J.B. Asc. contract should be read, not just portions taken out of context as Manager Ista had done. Seykora felt that the District is in control and the profit margin of J.B. Asc. is built into any business.

6. Jerry Bennett gave a PowerPoint presentation, which illustrated various aspects of the Watershed District structure and talked about the considerable amount of funds the District office, manages each year. (A hard copy of the presentation is attached at the end of these minutes.)

7. Manager Ista discussed costs associated over the past three years from information she prepared prior to the meeting in which she listed amounts paid to all Managers and consultants, but also stated that she is only estimating the costs associated with J.B. Asc. because of the inability to obtain contractual financial information from J.B. Asc. Ista commented that she as a manager is bringing this forward due to the many questions that she has received from her constituents. Ista also stated that she has talked to Jerry Bennett about him voluntarily terminating his contract and continuing in a salaried position. Ista stated that she could look into the audience and see many agricultural families who yearly handle much more funding than the Watershed District. Ista also felt that the District does not have projects moving forward and if for some reason, the Wild Rice River COE Feasibility Study does not move forward, the District needs to have an alternative package in place for flood damage reduction.

8. County Attorney Tom Opheim cautioned public officials from voting on a contract with someone from whom they are getting paid. Bennett stated that he is unaware of any payment made from J.B. Asc. to Managers; board members are authorized under their per diems to work for the District. Opheim stated that the Administrator does control them, he authorizes the work and questioned Manager Seykora as to the amount of work that he does for the District outside of meetings. Seykora replied that the Board has authorized any work he does for the District.

9. Manager Dalen stated that the purpose of the meeting is to address the contract of J.B. Asc. and indicated that he could see area landowners in the audience who have had $3 million in damages. Dalen felt that it is important to place the power in the District back to the Board.

10. The question was asked if the contract of J.B. Asc. is the same as all other contractors for the District? Attorney Hanson commented that it is not, however he felt the contract with J.B. Asc. is a legal contract and whether it should be terminated is a board position.

11. Manager Ista commented on the question raised regarding Managers doing work under their per diem of $55 per day and stated that the work done by Seykora in supervising new contractors and the work done by Manager Wagner in beaver control has been very beneficial to the District and a cost savings. If the District does indeed have a legal liability in this regard it would need to be addressed.

12. Manager Wagner addressed the audience regarding his contract for beaver and beaver dam removal, and indicated that he was paid $400 per dam to remove 22 dams from the Marsh River, which needed to be pulled out by hand because of the prohibitive cost of approximately $1,200 per dam with dynamite due to insurance costs.
13. Manager Dalen stated that approximately two weeks ago a legal firm was consulted regarding the J.B. Asc. contract and how it is written. Dalen asked whether the Board of Managers supports this and is willing to pay the cost. Manager Ista stated that it was a consensus of the board to hire an outside attorney as a result of a conflict of interest with Mr. Hanson. Manager Skaurud disagreed. Attorney Hanson stated that it would seem fine and appropriate for the board to request another opinion. Discussion continued regarding the issue of whether the board was actually authorized to hire an outside legal consultant.

14. At this time Manager Ista and Dalen rescinded the motion to terminate the contract of J.B. Asc. Ltd. Inc.

15. A motion was made by Manager Ista and seconded by Manager Dalen to authorize Ms. Jackie Anderson of the Nilles Law Firm to provide her legal opinion regarding the administrative contract of J.B. Asc. Ltd. Inc.

Chairman Seykora stated that he had received no qualifications for Ms. Anderson. Manager Ista stated that the attorney present, Ms. Jackie Anderson, of the Nilles Law Firm, Fargo, North Dakota has a background in salary, contracts and workplace issues, and was recommended by another firm. Manager Wright commented that it was his understanding that the Board of Managers was not going to consult an outside firm prior to consulting with the District Attorney Elroy Hanson. Manager Ista stated that she had talked to Attorney Hanson regarding this matter. Manager Skaurud commented that he felt that an outside attorney could not have been hired without the entire board approval. Attorney Hanson acknowledged that he had talked to Manager Ista and told her that it would be a good idea for the District to obtain an outside opinion regarding the J.B. Asc. contract, as he had represented Jerry Bennett on a private matter. Marijo Vik, a member of the audience, commented that if the Watershed District Board could not or would not pay for the costs of the Nilles Law Firm, she felt that a group of landowners would be able to pay the costs.

Chairman Seykora called for the vote, Managers Wagner, Ista, Dalen and Wright voted yes and Managers Skaurud, Seykora and Spaeth opposed. Motion carried.

16. Ms. Jackie Anderson, Nilles Law Firm provided her opinion on the independent contract of J.B. Asc. Ltd. She stated that the contract contained several ambiguities, which included referring to the contractor/employee relationship and felt that it was presenting a mixed message. Anderson commented that if the courts were brought into the opinion, it would come down to determining the employee relationship. Anderson indicated that this is a gray area of the contract, the Board of Managers may call it an independent contract, but it reflects an hourly type of work, which is more of an employee relationship. Manager Dalen asked Ms. Anderson under the present contract, how much control the Board of Managers has in the end result. Anderson stated that in very general terms as far as duties, there is a conflict. Manager Ista questioned Ms. Monson if the Wild Rice Watershed District could be held responsible as a board if they received a letter of notification from their attorney regarding office policy. Ms. Anderson replied that if the District has received notice of something that in a typical employer/employee relationship would cause the board liability, the answer is yes. Anderson stated that the District Board of Managers may call this an independent contractor agreement, but if someone raised the question, and the issue was brought into the courts, there may be a possible liability issue in the case. Attorney Hanson indicated that he agreed with most of what Ms. Anderson stated and that anytime you get into the independent contractor issue, there may be a question regarding law and fact. Hanson also stated that the courts look into the issues of taxing requirements for independent contractors.
17. Jerry Bennett commented that Manager Ista came to him a number of times and asked that he voluntarily terminate his contract with the District and become a salaried employee, but a policy manual needed to be put in place and the discussion never moved forward to that issue.

18. Curt Jacobson, member of the audience, read a letter that he sent to Ms. Patricia Anderson, Minnesota State Auditor, in which he stated that he felt the Freedom of Information Act had been violated, along with other issues that he considered important. In the letter, he requested that the Minnesota State Auditor perform a state audit on the Watershed District’s finances.

19. Steve Jacobson, member of the audience and Norman County Commissioner, stated that it is critical that we have a Watershed District that functions and an administrator who is dogged by personal relation issues is unable to perform. He asked that the District move forward today, the controversy be removed and that Jerry Bennett’s contract be terminated. Dale Sip, member of the audience, stated that he felt it was time for Administrator Bennett and the District to move forward and asked Bennett to resign. Don Vellenga stated that 192 citizens previously signed a letter stating that they were unsatisfied with the administration, but nothing was done. Chuck Hopwood and Perry Ellingson, both members of the audience, expressed issues regarding the administration of the Watershed District.

20. Manager Ista stated that being appointed by County Commissioners and the need for the District for flood control, she too, felt a responsibility for projects not being accomplished.

21. Jerry Bennett stated that he did not disagree with the cost and suffering to property owners, as a result of flooding, but changes have been made in the farming processes, here in the valley and in the eastern portion of the District and it is going to take a major project to control the flooding. The Bois de Sioux Watershed District project that is being discussed was started in 1988 with a price tag of approximately $150 million and to obtain federal funding, a project with both merit and a technical solution will be needed.

22. David Volkerding, member of the audience, expressed dissatisfaction with the District and Glen Brandt, as a citizen, asked for the resignation of Administrator Jerry Bennett, Managers Seykora and Skaurud and Attorney Hanson.

23. A motion was made by Manager Ista and seconded by Manager Dalen to terminate the contract of J.B. Asc. according to the terms of the contract, to be paid for 30 days for the District to meet its legal obligations. Manager Wright continued to express concerns regarding the transition period. Manager Dalen stated that he felt every day that this issue is prolonged, is one more day added to obtaining a meaningful Flood Damage Reduction solution, needed in this District. Upon calling for a vote, Managers Skaurud, Seykora, Spaeth and Wright opposed and Managers Dalen, Ista and Wagner, yes. Motion failed due to lack of a majority.

24. A motion was made by Manager Ista and seconded by Manager Dalen to terminate the contract of J.B. Asc., with written notification to Jerry Bennett, written notice to be sent today, April 5, 2005, and that a committee be formed to bring in a salaried employee. Managers Wagner, Wright, Ista and Dalen voted yes and Managers Skaurud, Spaeth and Seykora opposed. Motion carried.

25. A motion was made by Manager Dalen and seconded by Manager Wagner to schedule a special meeting within five days, at 9:00 a.m. on Monday, April 11, 2005, at the office of the District for the purpose of discussing the employee relationship for a District administrator. Carried.
26. A motion was made by Manager Ista and seconded by Manager Wagner to ratify the costs and pay the consulting fees to date of Ms. Monson and Ms. Anderson of Nilles Law Firm. Manager Skaurud expressed concerns about the District paying for the initial meeting with Ms. Monson. Manager Wright stated that he felt the Board already committed to paying the billing when they allowed Ms. Anderson to speak today. Managers Wright, Wagner, Dalen and Ista voted yes and Managers Skaurud, Seykora and Spaeth opposed. Carried.

27. A motion was made by Manager Ista and seconded by Manager Dalen authorizing the District to enter into a legal contract with the Nilles Law Firm and Chairman Seykora to execute the agreement. Carried.

28. Lawrence Pollock, former member of the Wild Rice Watershed District Board of Managers stated that finances were not his concern, but he would recommend that the board keep in mind that experience is critical and recommended that the Concerned Citizens stand behind the Board and write to their local congressmen for funding support for the Watershed District.

29. A motion was made by Manager Ista and seconded by Manager Dalen to adjourn the meeting. Carried.

30. Chairman Seykora adjourned the meeting at 11:45 a.m.

Jim Skaurud, Secretary
**Wild Rice Watershed District Policy Statement cont.**

The Administrator Shall:

- Provide services as directed by the Board of Managers, the District Administrator, or the District's Assistant Administrator.
- Provide the Assistant Administrator, or Managers, through verbal or written communication, information or data pertaining to the District's activities that have contact or interest and have been transmitted directly to the Director.
- chair any meeting of the Board in the Board's absence.
- chair the Board in the event that the regularly scheduled Board has been cancelled.
- Provide information to assist the residents of the District and report to the Board accordingly.
- Chair the Board of Managers in the absence of the Board.

**JB Associates - Independent Contractors Service Agreement**

What is in the Agreement:

- It is the Administrator's job to develop and implement the Watershed District's policies.
- It is the Administrator's job to control the amount of rain that falls.
- It is the Administrator's job to control the quality of water that flows.
- It is the Administrator's job to set the budget and the tax rates.
- It is the Administrator's job to determine which projects the Board will choose to pay for.
Independent Contractors are a common practice in Watershed Districts in Minnesota.

Factors Used to Establish Fee Schedule:
- Qualifications
- Vehicle Equipment
- Insurance
- In-Demand Services
- Travel
- Vacations
- Professional Certification
- Equipment
- Training
- Size of District
- Years in Business
- Funding

Statement of Qualifications:
- JBL Associates Limited has operated since 2001
- Provided consulting services in the area of water resource management in all areas of preparedness and emergency management
- Member of the National Association of Watershed Districts
- 75 years of service in the Wild Rice Watershed District
- Member of Minnesota Fish and Wildlife
- Received several prestigious awards including "Superior" Membership and "Outstanding Service Award" from the Minnesota Fish and Wildlife Association

Watershed District Area:

Fee Schedule:
The following is a schedule of hourly rates and charges for administrative services currently provided by JBL Associates Limited Inc.:

- Administrator: $80.00 per hour
- Resident Secretary: $28.00 per hour
- Part-time office: $18.00 per hour
- Travel and Vehicle Usage:
  - Traveled: $0.45 per mile
  - Office Rental: $200.00 monthly

The Wild Rice Watershed District Financial Statement:

- Total Income: $2,500,000
- Total Expenses: $2,000,000
- Net Income: $500,000
General-Administrative Fund

The General-Administrative Fund consists of an ad valorem tax levy, that may not exceed .04 percent of variable assessed value, of $150,000. All other income derived from the operation of this fund is used for the General-Administrative expenses and as shall be used for the construction and maintenance of projects of common benefit in the District.

Administrative Budget Items
- Utilities
- Advisory Board
- Expenditures for Publishing
- Insurance
- Legal
- Office Administration
- General Administration
- Financial Statements
- General Levy
- Capital Improvements

Red River Construction Account

The Red River Construction Account is established to account for expenditures for construction projects. The Capital Levy Fund shall be used to account for construction projects. The construction projects may be funded by the Capital Levy for the construction of physical improvement projects, or by the General Levy for the construction of projects for the promotion of the common benefit in the District.

Typical Local Projects and District

Red River Construction Account

- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy

BUDGET COMMITTEE RECOMMENDED
PROPOSED BUDGET FOR ADMINISTRATIVE ACCOUNT

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget</th>
<th>Recommended Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>1,000.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>500.00</td>
<td>500.00</td>
</tr>
<tr>
<td>General Levy</td>
<td>20,000.00</td>
<td>20,000.00</td>
</tr>
<tr>
<td>Capital Levy</td>
<td>30,000.00</td>
<td>30,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>22,500.00</td>
<td>22,500.00</td>
</tr>
</tbody>
</table>

Note: All projects recommended by the Budget Committee will be subject to approval by the Board of Supervisors.

Special Assessments

Projects and Ditches

The WILD RICE Watershed District is a special district of Public Utilities under the State of Minnesota and the District, and is subject to the provisions of the Minnesota Statutes relating to special districts of Public Utilities, to which this fund shall be used for the construction and maintenance of special ditches and structures therefor.

Projects and Ditches

Special Levy Worksheet

- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy
- Capital Levy
- Municipal Levy
- Special Levy
- District Levy
- General Levy

Note: All projects recommended by the Budget Committee will be subject to approval by the Board of Supervisors.

Development of Proposed Budget

In July, the Board of Supervisors recommends the proposed budget to the General Levy and Special Levy levies, as shall be used for the construction and maintenance of projects of common benefit in the District.

"Budget Process"

WILD RICE
WATERSHED
DISTRICT
**Flood Mitigation Efforts**

- Comprehensive FDR Plan: "Systems Approach"
- Rural Acquisition Program
- Community Flood Protection
- Rural Ring Dike Program
- Repairs to Projects/Ditches
- USACE Non-Federal Levee Program
- NRCS - Emergency Watershed Protection
- Accelerated Permitting & Regulatory Actions
- Wild Rice River Feasibility Study
- Fallon Ditch and South Branch Storage

**Networking with Local, State and Federal Agencies**

- Completed Plans - Wild Rice Watershed District

**Flood Mitigation ...**

- Rural Acquisition Program
  - The West Rice Watershed District acting as the local sponsor for
  - The project aims to remove 163 homes and assist 43 homeowners under the Rural Acquisition Program.

- FEMA Funding for Projects and Ditch Systems
  - Federal funding was provided for watershed and ditch improvements.
  - Projects funded included the
  - The project involved the South Branchewaterway improvements.
**Flood Mitigation**

**Partnerships - Special Projects**

- SCS Dam Reconstruction & Repairs - NRCS EWP Program
- Lockhart Flood Storage Pilot Project
- Dalen Coulee Project

**Project Development**

- WRRFS = One Element in WRWD's Overall Approach

**Special Projects**

- Lockhart Flood Storage Pilot Project
- Dalen Coulee Project

**Dalen Coulee Project**

Dalen Coulee Project was the recipient of the 2003 Minnesota Association of Watershed Districts Project of the Year Award.
Sign In List
Public Meeting 4/5/05

Name ____________________________ Signature ____________________________
1. Joanne  Lyle, Wilder
2. Mark Peters, Ada
3. Ellie Audson, Eufaula
4. Steve Peters
5. Howard Dickman
6. Rob Myers, Boys
7. Bruce Bank, Perley
8. Thomas Denton, Ada
9. Danny Banta, Ada
10. Mike Hill, Panola
11. Douglas Flodot, Perley
12. Kent Anderson, Ada
13. Jesse Lee
14. Fred Johnson, Ada
15. John Cogdell
16. Dale Leg
17. Kevin R. Lee, Ada
18. Mark Huguley, Bolivar
19. Sam F. Taylor, Ada
20. Jerry Guftsom, Hiawatha
22. Chuck Popeau, Ada
23. Darril Love
24. Eddie Leon
25. Blane Hood, Ada
26. Mike Hanson, Ada
27. Carl Houghton, Perley