WILD RICE WATERSHED DISTRICT

11 East 5th Avenue – Ada, Minnesota 56510 Phone (218) 784-5501

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 talked about 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 property, 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. 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.

Special Meeting Tuesday, April 5, 2005 Page 4 of 5

- 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 30 day 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 Skaufud, Secretary

Skaum



Where Solutions Start

Statement of Qualifications

IB Associates Limited. Inc.

11 East 5th Avenue Ada, MN 56510

Wild Rice Watershed **District Policy** Statement

- The Administrator Shalk

 "Conduct the business and affairs of the District as stated in the "Independent Continuous Service".

 Agreement."

 **List the fee schedule for services (including mileage and microfile agreement) in the performed by south
- and miscellaneous charges) to be performed by each. induldual that would customanly work on or be associated with the Dishicl's activities PRINCE SHOWING THE DISPORT SHOWINGS."



Wild Rice Watershed Policy Statement cont. The Administrator Shall:

- Provide services as directed by the Board of Manages (at regular or special meetings). The District Administrator or the District's Assistant Administrator
 Provide to the Administrator. Assistant Administrator.
- and Nanagers through verbal of witten communication information of the Delivitors activities that have comed a state of the Delivitors activities that have comed a state of the Delivitors activities that have not been transmitted directly to the District office.



JB Associates - Independent Contractors Service Agreement

- What is in the Contract:

 Shall be illred representative of the Board of Manages.
- Pleparaffon of meeting notices, agendas, and provide attendance at all regular and special meetings.
- · Shall carry out the directives and objectives of the Board of
- Manages

 Shall review permit applications and provide information to assist the Board in their review of a permit

 Shall assist the Board in their duties and responsibilities
- Shall provide information to assist the residents of the District and report to the Board accordingly
- Shall assist the Board of Manages in long-range policies of the District



JB Associates - Independent Contractors Service Agreement

- What is in the Contract:

 *Shall ussist the District Accountant as deemed necessary
- Shall assist the Diship Ergmeering in project scheduling.
 Shall advide recommendations on project budgets and project flugitiding.
 Shall around assistance, and work with government agencies as directed by the Scart of Manages.
- ngencies as oneofed by the Board of Manages

 *Shall provide sesseteral services related to the Wild Rice
 Waltersted Distinct and shall genorm all necessary
 correspondence. Typing copying, filing and related office
 dulles.

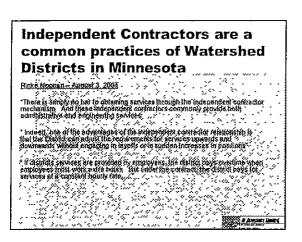
What the Administrative Contract is NOT

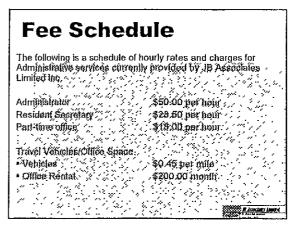
- It is NOT the Administrators job to flood proof the water steed district
 It is NOT the Administrators job to control the amount of rate that falls
- annount of rain that falls

 It is NOT the job of the Administrator to control or police unauthorized drainage or diking activities

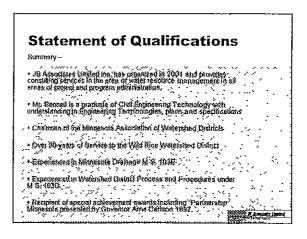
 It is NOT the Administrators job to determine which projects like Boards determines it wants to pursue

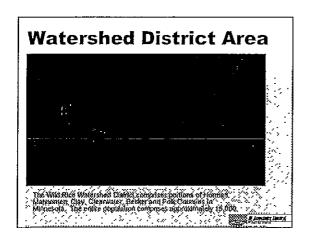


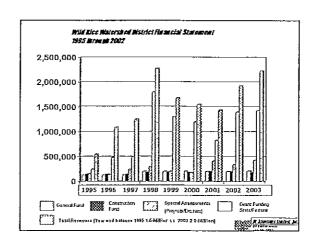




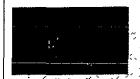
Factors Used to Establish Fee Schedule Saläides Velticle Expenses Insurance Work Comp. Life, Health Lighting, Disability Taxas Payroll Rediffering of Plans Vacation - Sick Leave, Personal days, Holidays Outside Professional Services for Payroll and Accounting Professional Development Training Foulphing and Overchand Years of Experience (Learning Curve) Size of District Job Responsibilities







General-Administrative Fund



The General/Administrative Fund consists of an ad valoram ax lovy, that may not exceed. Ods persent of taxable market value, or \$250,000 inhibitorer is least. The money fittle than is used for the watershed valuethes gainerst operating expenses and son man accommon sequent to the Olstitist. consists of an ad valorem lax levy.

Administrative Budget Items Utilities Advisory Board Supplies/Publications/Postage Insurance Sond Premiums Engineering Legal Fees Accounting Fres Managers expenses Managers Per Drem Annual Report/Audits Organizational Dues Övetali Plan Update Once Administration Office Administration Permits and Investigations Local Water Planning

Capitol Improvements

Red River Construction Account



Read Pilvet Constriction Account.
Under Pilvet State Section 41: 38,
established by a faint powers
agreement the water steed of 11: 48,
established by a faint powers
agreement the water steed of 15 first mily,
levy ab all yadrage his levy not to
exceed .04848 precent of the transhe,
market value? The proceeds of one-lastiof this few yets excelled in the Distriction
Construction Frum With, the repushing
on - laft of the levies frum it refer the
general light price for Act Rivet.
Valershied technologies that the
grant of the process of the common benefit to the Act Rivet
common benefit to the Act Rivet bad.

Typical Local Program and Project Budget items Project Development

- Morch Greek Side 4:

 Voluntary Flood Storage Program

 Oppur Sector Duch Flood Storage

 South Branch Flood Storage

 South Branch Flood Storage

 Cost Shanging of Project

 Construction
- Construction
 Famelead Ring Dikes Staurud Flood Storage
 EWP SWCD Dani Repairs Investigations
- Programs with District Wide Seperal . USCOS Stream Continuing . By grands: Modelling
- Welland Bank ~ Miligation Maintenance Floor Control
 Projects
 Project Construction

"Budget Process"

WILD RICE WATERSHED DISTRICT

Development of Proposed Budget and Special Levies

In July the Board of,
Managers designates a
committee to prepare a
proposed budget for the
General Levy and
recommentations for the
special Levies to be
collected in the coming year
in August the Managers will
consider the committee's
recommendations and adopt
a proposed bydget for
consideration at the fludget
hearing in September



BUDGET COMMITTEE RECOMMENDED PROPOSED BUDGET FOR ADMINISTRATIVE ACCOUNT.

Hittles	*	3 500.00	
dritory Bezra		1 000,00	
uppkes Publication/Postage		10,000,50	
nswance and Bonds		19 500,00	
Aphrenisa and Archaelle, and a second of the English	22.0	16.500tpp · 1	
Miss Administrations	, i	60,000 00	٠.
GREG and Spartist Merchans	•	16,000.00	
against the cook of the time to the contract of		10.000.01	٠:
BOOKERING DOOR STATE OF A STATE O	. Gar	7,000.00	
lanages Per Damar (A)	. 4	10,500:00	ν,
Inniges Ergenses: 200 8		13.500.00	
1000) Reports and plides	. <i>6 .</i>	9,000.00	٠,٠
reprofessional Dues	?	2300.66	1
**・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・	. %	1,500 00	
spitel impegivements		2.500.83	•
armite and briendestions	: . :	35.000 bo	۷.
emprehensive Local Welf (Plan ())		CD 500 00 :	
DRMedispeg Propert Folia	× 7.	23,000 00	<i>~</i> .
azes of Cardman Barrette of State 2000 Section 1990	100	29,000,66	٠.
\$250 \$2727 \$270 \$270 \$4 Yorks 270 \$	\$4.	233 000 66	٠.
998 985588 (C) C 999 PC 3. 1 TVV			Ť
e August Regular Meeting the Budget Comm	rittige	witt	9.

Ment of Chambridge (1997) 10161. 289 9999 At the <u>August Regular Meeting</u> the Budget Committee will

AN the <u>August teaguer, meaning</u> the <u>Budget of the adopted</u> for Consideration of the <u>Budget is the adopted</u> for Consideration of the <u>Budget Hearing in September</u>

After watershed district will also pursuant to Chapter 167, Jaws of 1976, as amended under direction of the RRWMB propose to Levy for the Red River Watershed Management Fund.

Special Assessments **Projects and Ditches**

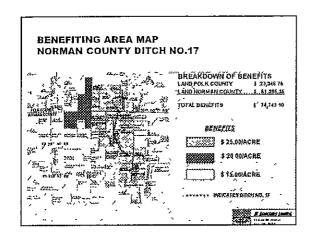


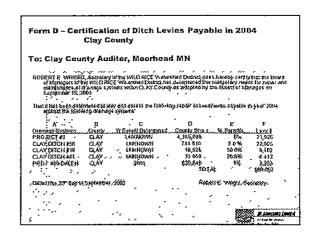
The Wild Rice Watershod District has 360 miles of Public Drainage Systems and 12 flood control facilities that are united its jurisplicities for Operation and Maintenance

Projects and Ditches Special Levy Worksheet

	20,500	····			٠.,		VW 2	
Description		ate3	Di	144,53.03	PAGESON	Exiboated Due	المالية المالية	leyrove,P.Y.O.(
Norman Catesi		7.0				100		
517	\$5,485	5 , \$26.7		4.04	- 0		4.47	
4.5	1,556	~ 68		0.0%			50 00%	2,764
JU 63 Main		a,000, 75,3:	Ma	50 b.y	74,005	.6,596	20.00°A	#2 601 .
JD 57 Lst f	. : 14	£,221 400 6.	F ,	8.5%	22.510	11.155	3.50%	31,671
	2.5			1. C.			5	
Clay County .	1 4.31	. *	•		** ** * ***		56 C 1	5.5
f6	9,736	5547		4.0%	, ø -	ć	. pox	Þ
316	25,446	374,11		o pri		ن را	0.01%	6
152		26ر14 _ رَأَوْقٍ إ	611	9.FY	-0	. 5.	20.0%	X €31
456 L tt 1 : .	4372:	, #11,84	4 / 1/1/	064	4,054	4,050	1 40%	
	4 .2 .		11				10 0	
1 : .	. "?"	A 155	'	٠, ٠				
2.75					10.00		A	
Notes .	300	100	: ځينه د		التواج أواوا		-22 W	
	1 3, 1		1 23.15		11.12			11.77
- Assesse	ກຍທໍໄ <i>ກ</i> ່າລຸບ	not he to e	XCMS C	Thu sa	nat of bei	nellis for ca	iginal cons	miction
							e made w	
the tripe i	rceeds 2	Downcent of	of liber int	ໃຫ້ໃນຄູ່ປູດຕາ	of not the co	arstriction	of the ixon	6877 Y .
4.0.000		a Secondaries	- n- v	197020900		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	A 100 MON	~~·

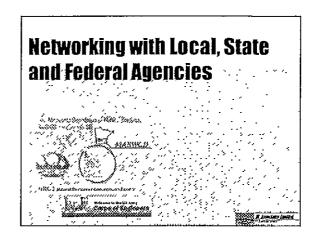
Investor lineral

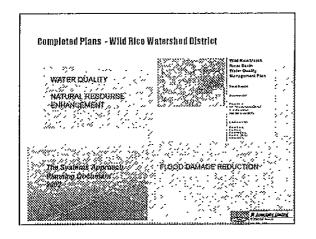


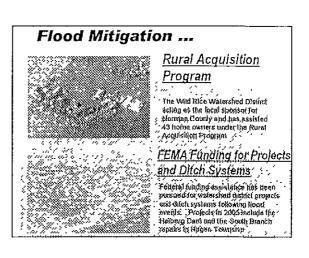


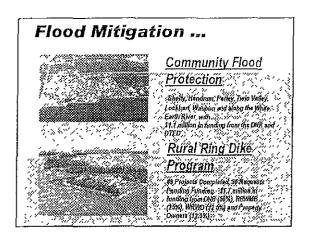
Flood Mitigation Efforts

New Projects and Programs Implemented Since the Flood of 1997
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
Felton Ditch and South Branch Storage









WRRFS = One Element in WRWD's Overall Approach

Continues Guils of the Watershed District Outlined in SAPP

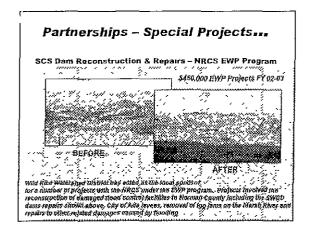
Cutionity utilizing the Arity Carps of Engineers to Identified and prioritized water resource problems and apportunities for fixes within the Wild Rice Watershed District.

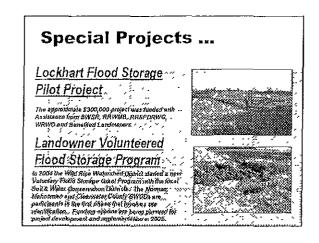
Exceptioning

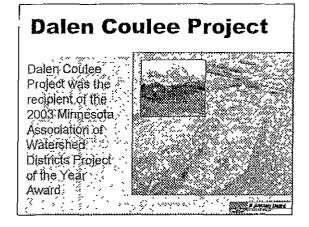
Exceptioning for Faderial Funding Support

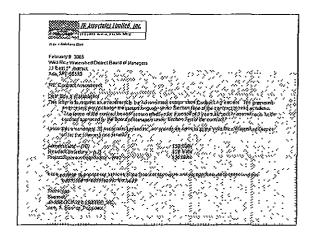
Pattnership for Faderial Funding Support

Initial teachility required to Justify Federal investment and project partnership.









Sign Fa List Public Meeting 4/5/05 Rico Extersked Mane -3 Flee Delan 5 Howard Flectman Threes Hours Ada 9 Panny Banke O Merlew Sullehson AL Panley 11 Douglas Hogstad 12 Krut anderson Perley 13 Jesse for Alla___ ada The son To. a Qa 18 MARK HARLESS BUTUP. ada Hadava Uhick Hypural Luxer - Estele 24 Energhornson alo. 35 Blan Turter 26 Muk Hanson Ada 27 Count Houghum Perley.

Ken Visser Odi athy Jacobson Triky Hals tol ould Muken Brandon Lann Melmon Nalitad Seg agin Helf ada Bure Tyles