



Red River Watershed Management Board

Board of Managers

John Finney, President - Humboldt
Daniel Wilkens, Treasurer - Fertile
Roger Mischel - Warren

Greg Holmvik - Vice President - Ada
Jason Braaten - Roseau
LeRoy Ose - Thief River Falls

Jerome Deal, Secretary - Wheaton
Dan Money - Hallock

Robert L. Sip, Executive Director
Nikki Swenson, Executive Assistant

APPROVED MEETING MINUTES RED RIVER WATERSHED MANAGEMENT BOARD MEETING April 17, 2018 Meeting Red Lake Watershed District | Thief River Falls, Minnesota

- 1. Call to Order:** The Red River Watershed Management Board (RRWMB) met on Tuesday, April 17, 2018 at the Red Lake Watershed District, Thief River Falls, Minnesota. John Finney called the meeting to order. Members present were: LeRoy Ose, Greg Holmvik, Dan Money, Jason Braaten, Daniel Wilkens, Roger Mischel, and Jerome Deal.

Others present included:

- Rodger Hemphill, Interim Red River Coordinator, Minnesota Department of Natural Resources (MN DNR)
- Tara Jensen, Bookkeeper, Wild Rice Watershed District (WRWD)
- Dan Vesledahl, Manager, Sand Hill River Watershed District (SHRWD)
- Joel Praska, Administrator, Middle Snake Tamarac Rivers Watershed District (MSTRWD)
- Mark Anderson, Manager, Buffalo-Red River Watershed District (BRRWD)
- Peter Fjestad, Manager, BRRWD
- Nate Dalager, Engineer, HDR Inc.
- Blake Carlson, Engineer, WSN Engineering, Inc.
- Myron Jesme, Administrator, Red Lake Watershed District (RLWD)
- April Swenby, Administrative Assistant, SHRWD
- Ted Priester, Executive Director, Red River Basin Commission (RRBC)
- Tracy Halstensgard, Administrator, Roseau River Watershed District (RRWD)
- Kevin Ruud, Administrator, WRWD
- Roger Hanson, Manager, SHRWD
- Keith Weston, Executive Director, Red River Retention Authority (RRRA)
- Rita Albrecht, Regional Manager, MN DNR
- Jerry Bents, Engineer, Houston Engineering Inc. (HEI)
- Tony Nordby, Engineer, HEI
- Chad Engels, Engineer, Moore Engineering
- Chuck Fritz, International Water Institute (IWI)
- Arlene Novak, Bookkeeper, RLWD
- Robert L. Sip, Executive Director, RRWMB



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- Nikki Swenson, Executive Assistant, RRWMB

Meeting Additions and Adoption of Agenda: Executive Director Robert L. Sip requested to add the annual audit to the agenda to Item 5. **Motion** to approve the Agenda with the addition was made by Mr. Deal and **Seconded** by Mr. Mischel, **Carried**.

- 2. Sand Hill River Watershed District (SHRWD):** Mr. Finney asked the members for their thoughts on the SHRWD resolution to opt out of the RRWMB. Executive Director Sip provided some general information about dates and timelines regarding the issue. Mr. Finney asked Mr. Wilkens if the SHRWD had a meeting yet to discuss this matter. Mr. Wilkens stated that there had not been a meeting yet and he questioned some of the dates in the agenda item that Mr. Sip had prepared for the Board today. There were questions about when the letter and resolution from the SHRWD were received by the RRWMB. Mr. Wilkens stated that the resolution and letter from the SHRWD to the RRWMB was emailed and a hard copy sent by regular mail before the April 1, 2018 deadline.

Mr. Sip received the email on March 27, 2018 and then the letter on April 2, 2018. April Swenby of the SHRWD stated that she emailed a copy to the RRWMB on March 27, 2018 and mailed hard copies the same day. Kevin Ruud stated that the letter was received at the WRWD office on Saturday, March 31, 2018 and then the RRWMB received it on April 2, 2018.

Mr. Wilkens commented on the length of time it took to receive information from the data request and stated that the request was sent to the RRWMB on March 6, 2018. Mr. Wilkens discussed the SHRWD letter and resolution regarding the professional and independent opinion of the executive assistant position. The SHRWD independent review was sent to Mr. Finney only. Mr. Wilkens stated that the financial accountability is in progress and had concerns about the cost comparisons.

Mr. Wilkens said that resigning a joint powers agreement takes time and if the SHRWD leaves it would not be until October 2018. He stated that he thought the idea was to retain the SHRWD in the RRWMB. Mr. Ose asked Mr. Wilkens if progress is being made. Mr. Holmvik asked Mr. Wilkens if the RRWMB provided answers and Mr. Wilkens stated that the SHRWD would like Mr. Sip to go through the items in the RRWMB letter. Mr. Wilkens stated that we need to get resolution on these issues.

Mr. Finney stated that financial accountability is a concern of all member districts as part of the strategic plan. Mr. Finney said that the RRWMB has made a good effort to move forward and cited examples such as the RRWMBs independent review of the accounting system. He also discussed how closing the books each month is important and gave some examples that he had been involved with. Mr. Deal discussed some examples that the BDSWD has dealt with regarding their accounting system and stated that anytime there is transition and change that there should be a fresh look at the accounting system.



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Mr. Finney asked Roger Hanson of the SHRWD about the RRWMB letter to the SHRWD and inquired if there had been a meeting to discuss the letter. April Swenby replied that there has not been a meeting, but a response was sent by the SHRWD to Mr. Finney which included the independent human resources review. She stated that they are awaiting the RRWMB rebuttal regarding the financial outlook and said that the SHRWD came up with a very different financial outlook going forward than what was presented by the RRWMB. She said that it may be more of a communication issue. Mr. Finney stated that the cost comparison had limited scope. Mr. Finney stated that there were costs in 2017 that would not occur in 2018 and that there would be costs in 2018 that will not re-occur in 2019.

April Swenby briefly discussed how the RRWMB and the SHRWD financial analyses differed and Mr. Finney stated that the real number is probably in the middle of the two. Mr. Wilkens said that he thought it was premature to resign the joint powers agreement. Mr. Finney discussed the budget process, which is in July 2018 and he asked the SHRWD if they were on board with getting issues resolved. The SHRWD responded positively.

Mr. Money discussed the items in the SHRWD letter and resolution and had questions about the independent human resources review conducted by the SHRWDs consultant and they responded that the review was done. Mr. Money said he was on the hiring committee for the executive assistant and no one has asked him any questions about the RRWMB hiring process. He asked if we are moving forward on other issues and both he and Mr. Braaten asked if a meeting of both boards should be done. Mr. Sip stated that he and Mr. Finney met with the SHRWD on March 22, 2018, a RRWMB Budget and Finance Committee was held on March 20, 2018, and that the independent review of the accounting system has occurred. Mr. Sip also stated that a meeting was held with accountants from member watershed districts to advise on the RRWMB accounting system.

Mr. Money asked if we are addressing the issues and moving forward and stated that we want to keep the SHRWD on board. He stated that any meeting would need to have members of both organizations. Mr. Wilkens talked about the redaction process and stated that some of the information was over and under redacted. Mr. Wilkens said that item 1 still needs an answer back from the RRWMB. Mr. Wilkens stated that there needs to be a meeting to discuss the financials and to finalize reports as most of the problems are communication based.

Mr. Holmvik talked about setting the budget and problems associated with using different comparisons and the fact that the levy needs to be set soon. Mr. Ose asked what the purpose was of the human resources review. Mr. Wilkens stated that Roger Hanson attended the meeting last year in East Grand Forks and wanted to make sure the reorganization was cost effective. Mr. Holmvik asked if we incorrectly hired someone and stated that people have been employed, a process was used to hire people, and the process is over.



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Mr. Finney discussed what was in the human resources review by the SHRWD. Mr. Money asked what the purpose was of the review and again stated that no one asked him about the process. He stated that the process is completed, and staff have been hired. Mr. Wilkens said that candidate 1 did not accept the job and the SHRWD is asking about the credentials of the applicants.

Mr. Money asked additional questions about how to address the human resources review. Mr. Sip stated that he and Mr. Finney attended the SHRWD meeting on March 22, 2018 and did not discuss capabilities and skill sets of individual candidates due to data privacy issues. Sip stated that the RRWMB's attorney did the redactions for the data request and staff only sent the final information to the SHRWD. Mr. Sip also stated that at the December 2017 RRWMB meeting, the Board approved the hiring process, interview committee, timelines and deadlines, and salary range and stated that the board was well aware of the entire process.

Mr. Finney discussed the difficulties of seeing redacted information versus seeing the entire cover letters and resumes. Mr. Money asked if the SHWRD wants the RRWMB to change something and Mr. Wilkens said that they want awareness.

Roger Hanson stated that the RRWMB is not doing what is best for the members, that things have gone too fast and too far and that things are out of control from a financial standpoint with costs. Mr. Deal stated that he fails to see the same problems because the RRWMB Managers have been involved with all aspects of the reorganization process. He stated that we have gone from a loose structure to an open structure with transparency and that there has been change. Mr. Deal said that he cannot see the problems.

Mr. Wilkens asked if the joint powers agreement would be resigned or if the RRWMB would wait until all the issues are addressed. Mr. Deal stated that the RRWMB would wait. Dan Vesledahl stated that the information was provided to the RRWMB for their review regarding the human resource review. Mr. Sip asked for clarification about item 2 on the resolution regarding the financial record accountably and how to accomplish that. Mr. Wilkens said he and Mr. Sip would get together to address the issues.

Mr. Money asked if Mr. Wilkens and Mr. Sip have gotten together and that the issues should not have gotten to this point. Mr. Deal also stated that the two parties need to get together and if they cannot, then a third party may need to be hired. Mr. Holmvik and Mr. Braaten both asked questions about the Treasurer's reports and if they balance. Mr. Sip stated that they balance.

Mr. Wilkens stated that if we look at the Treasurer's reports they don't balance but they are easy to fix. Mr. Wilkens said that December 2017 and January 2018 do not balance, and it is the same error. Mr. Holmvik said that the December 2017 report balanced but Mr. Wilkens said the same error was re-occurring in December 2017 and January 2018. The Board stated collectively that the RRWMB and SHRWD staff should meet to discuss and there were questions about if the two groups could work together.



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Myron Jesme stated that new staff were not here in December 2017 and asked why the month of December was not closed. Mr. Wilkens said that previous staff closed the books in November and there were several questions about the work that was completed in 2017 and why or why not certain things were completed. There were additional questions of Mr. Wilkens about the activities of previous staff in December 2017.

Mr. Wilkens responded that the SHRWD staff worked on the January 2018 report. Mr. Finney stated that we need to get this work done as soon as possible with all parties. Mr. Ose asked if they can all work together. Mr. Wilkens stated that if there were answers and guarantees, then his board may reconsider. Mr. Deal made a **Motion** to use a third-party entity to address financial issues by July 1, 2018 and the motion **Failed** due to a lack of a second. Mr. Ose asked about the independent review of the accounting system and the group of accountants that met recently. There was discussion about the 500 accounts in the RRWMBs chart of accounts and how it should be handled moving forward. The recommendations from the group of watershed district accountants agreed that most of the work could be done in house except if some outside expertise would be needed.

Mr. Holmvik asked if we are going to go through this every month and given that Mr. Wilkens is retiring, said that we need to decide about the next Treasurer and that they need to be involved each month. Mr. Wilkens agreed and stated that someone on the Board needs to volunteer. Mr. Holmvik said that this needs to happen now and Mr. Wilkens said that someone needs to step up to the plate.

Mr. Wilkens also talked about internal controls and how the RRWMB staff and Treasurer are critical to working on internal controls. Mr. Braaten stated that he will step up to take over as Treasurer and he discussed his experience with being a treasurer for other organizations. It was Board consensus to have Mr. Braaten involved with the Treasurer and staff. Mr. Holmvik stated that Mr. Braaten needs to be comfortable with the processes. Mr. Sip said that a meeting would be scheduled soon with Mr. Braaten, Mr. Wilkens, Nikki Swenson, and himself to address the financial issues.

- 3. Approval of Meeting Minutes:** Regarding the February 20, 2018 RRWMB regular meeting minutes, Mr. Wilkens asked for discussion and he referred to page 5 of the meeting packet regarding the office location RFP. It stated that "He did not know his board wanted him to present the Sand Hill proposal at today's meeting." He did not agree that he said that, but the audio confirmed those were the words he used. It was decided to leave as is. **Motion** by Mr. Money to dispense with the reading of the minutes for March 20, 2018, **Seconded** by Mr. Ose. **Carried.**

Mr. Money asked for clarification on Page 29 and stated he would like the minutes to reflect that his watershed does not use QuickBooks, he was just commenting on the transaction to fee ratio. Mr. Wilkens asked why he and Mr. Money were listed as Alternates. Mr. Finney presented discussed some history regarding this matter and discussion was held.



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Mr. Finney suggested changing the use of Manager or Alternate to just using last names and there was no opposition. A **Motion** by Mr. Money to approve the March 20, 2018 meeting minutes, **Seconded** by Mr. Deal, **Carried**.

- 4. Financial Reporting:** Mr. Finney stated that he wants to delay approval of the January, February, March, and April Treasurers Reports until next month. He stated that in his discussion with April Swenby that the December issue has been rectified and the December 2017 financial report has been approved. He also stated that he would like the books closed monthly to ensure transparency.



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The bills presented for approval as of April 17, 2018, were as follows:

Date	Name	Memo	Amount
04/01/2018	Arvig	May Office Rent	\$625.00
04/01/2018	Arvig	Phone & Internet	\$285.76
03/23/2018	Cardmember Services	Stamps	\$50.00
04/16/2018	Courtyard by Marriott	Regular Board Mtg & March Conf	\$22,071.04
03/30/2018	Donna Kristianson	QuickBooks Review and Meeting	\$558.86
04/16/2018	Dot.Com Connection	March Services	\$60.00
03/21/2018	Houston Engineering, Inc.	TAC Meetings	\$1,911.07
03/31/2018	International Water Institute	RRBDIN Reimbursement	\$24,026.29
03/31/2018	McCollum Hardware	Power Strip & Carpet Sweeper	\$60.98
04/02/2018	Midwest Radio Fargo Moorhead, Inc.	March Conference Broadcasting	\$2,750.00
04/16/2018	Minnesota UI Fund	05106716 Quarter 1 of 2018	\$7,623.00
04/09/2018	MN PEIP	Coverage for 5-1-18 thru 5-31-18	\$1,479.36
04/02/2018	Moore Engineering, Inc.	TAC Meeting	\$675.00
03/27/2018	Morris Electronics Inc.	Remote Work for Rob & Nikki	\$120.00
03/30/2018	Norman County Index	Business Cards	\$37.42
03/30/2018	Northwest Beverage	Office Water	\$15.50
04/10/2018	Office Supplies Plus	Notary Stamp, Monitor and Cable, Labels, Batteries, Computer Equipment	\$688.47
04/06/2018	Smith Partners PLLP	March Services	\$9,203.74
04/16/2018	U.S. Geological Survey	Billing for Jan-Mar 2018	\$29,633.75
04/16/2018	United States Treasury	Fed Tax Deposit Underpaid	\$433.82
03/29/2018	Verizon	March Billing and Credit	-\$21.97
03/27/2018	Waypoint Insurance Advisors	Increase Business Personal Property Limit	\$184.00
03/23/2018	Wild Rice Watershed District	Conference copies and postage	\$687.26
		TOTAL	\$103,313.45



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Motion to approve and pay bills along with manager vouchers presented by Mr. Deal, **Seconded** by Mr. Ose. For further reference, copies of the bills approved are attached hereto in the Treasurer's Report.

5. **Funding Requests:** Mr. Sip distributed a letter regarding the upcoming audit for the Board to review. He stated that the fee range for the audit is \$6,900 to \$7,100 and the appropriate signatures would be needed. Mr. Money made a **Motion** to accept the Brady Martz engagement letter, Mr. Ose **Seconded. Carried.**

Joel Praska, Administrator of the MSTRWD requested \$7,000 from the RRWMB for information kiosks in five locations between the Red Lake Watershed District and the Middle Snake Tamarac Rivers Watershed District. There will be one kiosk at four impoundment projects and one at the Audubon Society area right across from the Agassiz Valley impoundment site. This project was brought to the RRWMB in March 2018 and the RRWMB requested that funds also be asked of the RRRRA. The RRRRA opted to not fund the project and Mr. Praska is here today to request funds. **Motion** to approve by Mr. Braaten, **Seconded** by Mr. Deal. Mr. Money wanted some additional breakdown information for each and Mr. Praska provided additional discussion. **Carried.**

6. **Budget and Finance Committee:** The following recommendations were presented to the Board by Mr. Sip on behalf of the Budget and Finance Committee for approval:
- A. Accept the Bremer Bank proposal and authorize the Executive Director and Treasurer to contact Bremer Bank to accept the interest rate, reduce or eliminate fees, and turn off the sweep account. Authorize the Executive Director in conjunction with the Treasurer to transfer funds as needed due to the sweep account being eliminated.
 - B. Authorize an RFP process to obtain interest rates and financial services information from lending institutions in the Red River Basin - Minnesota portion.
 - C. Authorize the Executive Director to solicit professional services for QuickBooks services as recommended by the independent review of the RRWMB accounting system.

The Committee met on March 20, 2018 after the RRWMB regular meeting. Mr. Sip stated that a recent American Federal interest rate on a 60-month CD was 2.23 percent, which is much higher than the Bremer proposal. Sip stated that a draft bank list is available, and he recommended a laddered or staggered investment strategy guided by the RRWMB Investment Committee or Budget and Finance Committee. Mr. Deal made a **Motion** to approve moving forward with A and B above, **Seconded** by Mr. Money. **Carried.**



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Mr. Sip reviewed recommendations from the accounting group that met consisting of Arlene Novak, Tara Jensen, April Swenby, Nikki Swenson, Dan Wilkens, and himself on April 11, 2018. Mr. Sip distributed the recommendations of the group that met, which included reducing the 496-line items in Quick Books to a manageable amount, the ability to be able to call a firm with expertise in Quick Books, moving away from the excel spreadsheet, and creation of a new company file. Sip requested approval to contact the auditing firm for questions and guidance on Quick Books as needed. **Motion** to approve by Mr. Mischel, **Seconded** by Mr. Braaten. **Carried.**

7. Office Space Lease: The Board reviewed the updated lease agreement and discussion was held regarding the length of time of the lease. Mr. Finney had questions about Sections 3 and 17 of the lease and concerns about dictating terms past 10 years for future RRWMB Board members. Mr. Holmvik provided some additional thoughts and Mr. Sip stated that legal counsel from the RRWMB and WRWD made recommendations and had input into the language of the lease. Kevin Ruud provided additional information about the language. Mr. Ose provided his thoughts about the lease and Mr. Holmvik stated that the lease is ok as written, given that the overall cost of a future lease will be more than the present time. Mr. Money stated that future parties can request changes. **Motion** to approve the lease agreement by Mr. Deal, **Seconded** by Mr. Braaten. Mr. Wilkens voted against the motion. **Carried.**

8. Insurance Coverage: Mr. Sip reviewed current various policies and inquired with the MN County Insurance Trust (MCIT) and the League of MN Cities. He received a preliminary quote from the League of MN Cities and the initial finding is that it would be between \$5,000 and \$5,5000 for similar or equivalent coverages for half the price of the current policies. Mr. Sip stated that MCIT indicated they can do joint powers agreements but it is more difficult with more processes included for them to provide a quote. At this point he did not receive any quotes from MCIT but could contact them for a quote. Mr. Wilkens inquired about bonds, who was bonded, and at what amounts. Mr. Sip stated that Mr. Finney and Mr. Wilkens are bonded for \$100,000 each and that the remaining board members are bonded for \$1,000 each. Mr. Finney asked if the RRWMB has errors and emissions coverage and Mr. Sip stated that the RRWMB is covered under its director and officer's coverage.

9. Legislative Issues

A. Legislative Report: Mr. Sip presented the written report on behalf of RRWMB Legislative Liaison Lisa Frenette. Mr. Finney discussed a recent email from BWSR regarding Drainage Work Group recommendations for the legislature this session. Discussion ensued about the buffer Administrative Penalty Order process that was recently released regarding the \$500 per foot lineal fee. Mr. Deal discussed his experience as the BWSR Board Chair several years ago and the makeup of that board at the time. Over the past several years, the BWSR Board has grown to close to 20 members. There was brief mention of the nitrogen fertilizer rule. There were no further questions about the legislative report.



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10. Reports:

A. Internal RRWMB Committees:

- i. Red River Basin Coordinator – Rodger Hemphill provided an overview of the March Conference. He also gave an overview of the upcoming May 16, 2018 Flood Damage Reduction Work Group meeting, which will be held at the Tamarac National Wildlife Refuge near Detroit Lakes. Mr. Hemphill stated that input received from the Conference will be discussed at the Work Group meeting. Regarding FDR grants, \$191,819.06 has been submitted for Quarter 2 requests, with \$13,172.74 remaining. Quarter 3 requests will be forthcoming. For the Ring Dike Grant, \$235,000 is left as of last month in that fund with \$42,461 slated to be submitted.

Mr. Hemphill stated that the Red River Basin feasibility study update has been requested. The Comprehensive Watershed Management Plan for the Red River Basin has been approved by the US Army Corps of Engineers. The plan has several recommendations regarding snag clearing, modeling, and other water quality and natural resources issues.

Mr. Finney asked which watershed districts still have ring dikes left to build. WRWD stated that they have one left to build at the current time. Mr. Money asked about a meeting of the Feasibility Committee and he gave some additional background of that group.

- ii. Executive Director Report – Mr. Sip discussed a bank list requested by the Board and developed by Nikki Swenson. He also discussed openings on the BWSR Board and the need for a representative from the Red River Basin. The Governor's Office will be making appointments in the near future.

B. External Committees: None.

C. Agency and Partner Reports:

International Water Institute - Chuck Fritz provided a written report and the main item of discussion was the collection of new LIDAR data, which is several years old already. He stated that the ND Joint Board is interested in updating LIDAR and discussed the advancements in the technology. Over time, the cost of LIDAR has become more reasonable. Mr. Jesme asked about how to distribute any new information more efficiently. Mr. Fritz stated that the LIDAR viewer and download portal were the methods to distribute data.



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Red River Retention Authority – Keith Weston provided a written report and mentioned that Deb Walchuk is the new Red River Basin Coordinator and her office is in Bemidji now. On April 3, 2018, he, John Finney, and Gary Thompson met and went through the RCPP watershed planning and agreements. Curt Elke, Acting MN State Conservationist, appointed Dave Jones as the lead for technical point of contact for the review points.

Dave Jones is the new State Conservation Engineer for MN and will be transferring to St. Paul. The RRRA applied for a Conservation Collaboration agreement and will be sending out another postcard in the 19 RCPP project areas. Mr. Weston has been working with partners to extend the individual contribution agreement in North Dakota. Swan Creek in North Dakota stopped planning but is putting together a technical report. Mr. Weston sent out notices to watershed districts to introduce Debra Walchuk and to provide several RCPP updates.

The RRRA had a meeting right after the annual conference and there is a small budget for outreach. Mr. Holmvik asked about the finance handout that was provided and had questions about tracking of local watershed district in-kind and other contributions. Mr. Weston stated that more information could be shared.

Red River Basin Commission – Ted Priester stated that the RRBC is working on finalizing their water quality strategic plan over the next few weeks. Mr. Priester discussed a water quality credit trading pilot program that may be funded this year. He discussed some additional modeling work with the US Army Corps of Engineers regarding an update to the long-term flood solutions document. He made mention of a subwatershed project with NRCS regarding integrated subsurface and surface drainage in Cass County.

11. Advisory Comments: There were no advisory comments presented.

12. Upcoming Meetings: None listed.

13. Adjournment: The next meeting will be on Tuesday, May 15, 2018 at 9:30 a.m. at the Sand Hill River Watershed District, Fertile, MN. There being no further business, the meeting was adjourned at 12:03 PM.

Respectfully submitted,

Jerome Deal
Secretary

Nikki Swenson
Executive Assistant