

RED LAKE WATERSHED DISTRICT
Board of Manager's Minutes
October 12, 2006

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

Present were: Managers Dale M. Nelson, Lee Coe, Arnold Stanley, Orville Knott, Vernon Johnson, and Gene Tiedemann Absent: Allan Carlson. Staff present: Myron Jesme and Arlene Novak and Legal Counsel Delray Sparby.

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

Houston Engineer Jeff Langan requested to appear before the Board to report on the Clearbrook Flood Damage Reduction Project.

Arlene Novak read the minutes of September 28, 2006. A motion was made by Knott, seconded by Tiedemann, and passed unanimously that the Board approve the minutes as amended.

The board reviewed the Financial Report and Investment Summary as of October 11, 2006. A motion was made by Johnson, seconded by Tiedemann, and passed by unanimous vote that the Board approve the Financial Report dated October 11, 2006.

Terry Wolfe and John Williams, Minnesota Department of Natural Resources (DNR), appeared before the Board to request the RLWD Board withdraw the Lessor Township land auction scheduled for October 24, 2006 and allow time for the DNR to complete a land appraisal. Mr. Wolfe stated he met with Manager Carlson the previous week and toured the land site. Mr. Wolfe was concerned over access to their property should the land sale be purchased by a private party. Mr. Wolfe felt that the expenses incurred of halting the auction could be bore by the DNR through donations of other sportsmen clubs, agencies, etc. Administrator Jesme stated he had conferred with the Lessor Township Clerk about the fact that the roadway leading to the public parking area was in disrepair and that access may be an issue to the WMA land if the District's land was sold. Jesme was told by the Township Clerk that the road was indeed a township road but that the township would not be interested in making improvements to the road at this time. President Nelson stated the September 28, 2006 Board meeting had addressed the issue of postponing the land auction and at that meeting, the consensus of the RLWD Board was to go forward with the auction of the land and that was still the consensus of the Board.

Administrator Jesme presented a request to purchase water quality and technology equipment totaling \$1,212. A motion was made by Coe, seconded by Knott to approve purchasing the water quality and technology equipment. Motion carried.

Manager Johnson requested that the Wild Rice allocation pumps be gauged or recalibrated since gauges have not been measured since 1992, but since river levels are currently not high enough to measure/assess the pumps, it should be a priority of the staff to complete next spring.

The MAWD Annual Meeting & Trade Show at the Arrowwood Resort and Conference Center at Alexandria, MN is scheduled for November 30 – December 2, 2006.

Legal Counsel Delray Sparby explained the amended contract with Paul and Dell Hoff that was signed on September 29, 2006.

Jeff Langan, Houston Engineering, Inc., appeared before the Board to state that he had received a response from the Pipeline Company stating they are not interested in a flowage easement on their property for the proposed Clearbrook Flood Damage Reduction Project. The consensus of the Board is to have Mr. Langan notify the Clearwater County Highway Department Engineer, Dan Sauv , to work with RLWD personnel and Mr. Langan, to utilize the hydrologic modeling from the RLWD's Ten Year Overall Comprehensive Plan in order to get a more detailed analysis of this project.

RLWD Permit No. 06111 applied for by Solheim Farms, Inc., Fairfax Township, Polk County, was explained by staff member Loren Sanderson. Following discussion of the drainage area, location of culverts, and removal of a crossing, a motion was made by Johnson, seconded by Tiedemann to deny the permit, but may entertain other options or amendments to be presented for this permit. Motion carried.

At 10:00 a.m., the bid opening for the construction of RLWD Ditch No. 11, RLWD Proj. No. 166 was conducted. Legal Counsel Sparby stated the time and that all bid proposals had been accepted by the 10:00 a.m. bid closing. Bids received and the bid amounts are as follows: R.J. Zavoral & Sons, Inc., \$499,802.26; Davidson Ready Mix & Construction, Inc., \$641,766.00; Gladen Construction, Inc., \$607,861.44; Holte Contracting, \$725,492.53; Red Lake Builders, \$707,001.34; Gowan Construction, \$759,183.68; Midwest Contracting, LLC, \$600,794.60; Sellin Brothers, Inc., \$869,438.28; Triple D Construction & Leasing, Inc., \$ 581,808.20; Lee Construction, \$512,642.96; and Kern & Tabery, Inc., \$590,882.60. Motion was made by Tiedemann, seconded by Knott to accept the apparent low bid from R.J. Zavoral & Sons, Inc. in the amount of \$499,802.26, contingent upon review and approval by Legal Counsel Sparby and the Project Engineer, Jerry Pribula of Pribula Engineering. Motion carried.

RLWD Permit application No. 06105 applied for by Wayne & Joanne Swanson, Crookston Township, Polk County, was discussed by the Board. Following considerable discussion on the permit request, a motion was made by Knott, seconded by Coe, to deny the permit and recommend the Swanson's request a ring dike constructed around their property. Motion carried.

The Board reviewed permits for approval. A motion was made by Coe, seconded by Johnson, to approve the following permits with conditions stated on the permits: No. 06107 from MnDOT, Shooks Township, Beltrami County; No. 06109 from Steve Goodwin, Keystone Township, Polk County; No. 06112 from Solheim Farms Inc., Crookston Township, Polk County; and No. 06113 from Solheim Farms Inc., Fairfax Township, Polk County. Motion carried.

The Board reviewed RLWD Permit No. 06108 applied from Clearwater County Highway Department, Nora Township. Following discussion of the permit, a motion was made by Johnson, seconded by Knott, to table the permit until plans and profile sheets are received. Motion carried.

Administrator Jesme read his written report:

- Structures on both sites, Euclid East and Brandt Impoundment, have been poured and the Euclid East site is ready to accept water, although the catwalk and gates are not onsite as of the Board meeting today. All pipes which are included as part of the structure should be installed by October 13, 2006 or no later than October 18, 2006. All Conservation Reserve Program (CRP) acres within the Euclid East Impoundment site have been seeded to an oats cover and will be seeded to a CRP mixture next spring. Brandt Impoundment site levees have been constructed to grade with the exception of the area in and around the structure. The Brandt site will not be available to store water in the spring but should be available by midsummer of 2007. Enclosed in the Manager's packet is a Weekly Construction diary and Statement of Working Days for both impoundment sites. It was also added that a ribbon cutting ceremony will be postponed until spring 2007. Manager Nelson inquired of the signs to be installed on site, potential companies manufacturing the signs, and names to be included on the signs.
- Pine Lake has a severe beaver problem at the outlet, it will be monitored and the beaver will be trapped, if needed.
- The RLWD received a \$4,532.60 refund from the Northwest Service Cooperative for good claims experience on the employees' health insurance.

The Board took a five minute recess in order to prepare for the bid opening of the building.

At 10:30 a.m., the bid opening for the RLWD office building was conducted. Legal Counsel Sparby stated the time and that all bid proposals had been accepted by the 10:30 a.m. bid closing. Bids were received from the following with Base bid listed first, Mechanical second, Electrical third, Communications fourth, and Sound system fifth: Kraus-Anderson Construction Co.- \$756,000, \$111,380.00, \$35,900.00, \$2,400.00, and \$450.00; Gustafson & Goudge Inc.- \$695,425.00, \$77,308.00, \$36,625.00, \$2,400.00, and \$450.00; Schmitz Builders Inc.-\$596,000, \$85,210.00, \$36,775.00, \$2,400.00, and \$450.00, and Davidson Ready Mix and Construction, Inc.-\$791,533.00, \$88,887.00, \$36,000.00, \$2,000.00, and \$2,000. The apparent low bidder is Schmitz Builders of Red Lake Falls. Architect Tom Jones discussed the bids received and fielded questions from the Board regarding the construction of the building.

President Nelson recessed the meeting to allow time for the contractors to return for a 12:00 noon meeting to discuss the bid and items in their bid.

Board reconvened at 12:08 p.m. to review the bids for the building and interview the apparent low bidder, Kent Schmitz of Schmitz Builders, Inc. Electrical subcontractor, Bruce Skalsky, Skalsky Electric, was also in attendance. Architect Tom Jones facilitated the meeting. Mr. Schmitz and Mr. Skalsky fielded questions of the Board and Mr. Jones on various aspects of the construction, mechanical and electrical. Mr. Schmitz stated he would like to start the construction as soon as possible. Mr. Schmitz and Mr. Skalsky will provide Mr. Jones with a cost estimate of recommendations made regarding construction and electrical and provide the Board with the estimate. Following considerable discussion on the overall construction of the RLWD building, a motion by Johnson, seconded by Tiedemann, to accept the low bid from Schmitz Builders, Inc., order Mr. Jones to prepare the contracts, receive the bonds, and prepare the Notice to Proceed. Motion carried.

Motion by Coe, seconded by Knott, to adjourn the Board meeting to 1:00 p.m., October 24, 2006, for the purpose of conducting the Lessor Township land auction. Motion carried.

On October 24, 2006, at 1:00 p.m. President Nelson reconvened the meeting from October 12, 2006 and explained that the purpose of the meeting was to conduct the Lessor Township land auction.

Present were: Dale M. Nelson, Vernon Johnson, Gene Tiedemann, Orville Knott, and Arnold Stanley. Absent: Allan Carlson and Lee Coe. Staff present were: Myron Jesme and Arlene Novak.

President Nelson turned the meeting over to Kevin Pifer, Pifer's Auction & Realty, to conduct the auction. Mr. Pifer introduced Terry Skjerseth, also with Pifer's Auction & Realty. Mr. Pifer explained the possession and closing date are the same date, 10% earnest money collected today will be put in an escrow account, taxes will be prorated one day following the closing, the ground rules of the auction, and the four legal documents needed for the land acquisition.

Following his detailed explanation of the legal documents and timeline, he opened the floor for questions from the audience/Board. A two minute recess was held. Following the recess, Mr. Pifer explained the method of selling; three parcels are for sale, will be bid on a dollar amount per acre, and parcels will be bid separately and depending on the outcome of each parcel, may go to additional rounds of bidding.

Bidding was opened on all parcels of land. Following the high bid of \$1,100 per acre, the successful bidder, Michael Oie, Glencoe, MN, was given the option of what parcel he wished to purchase. Mr. Oie selected Parcel No. 2. Parcel No. 2 is approximately 120 acres in the E ½ SW ¼; SW ¼ SE ¼ of Section 19, T149N, R41W. The total amount for Parcel No. 2 is \$132,000.00.

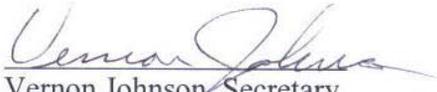
Bidding was opened for the remaining parcels of land. Following the high bid of \$1,050 per acre, the successful bidder Michael Oie, Glencoe, MN, was given the option of what parcel he wished to purchase. Mr. Oie selected Parcel No. 1. Parcel No. 1 is approximately 79 acres in Government Lots 3 and 4 in Section 19, T149N, R41W. The total amount for Parcel No. 2 is \$82,950.00.

Bidding was opened for remaining parcel of land which was referred to as Parcel No. 3, approximately 79 acres in the NE ¼ NW ¼ and Government Lot 1 in Section 31, T149N, R41W. Due to the opening bid being low, the Board recessed to meet with Mr. Pifer to discuss the sale of Parcel No. 3. Upon returning to the Board meeting room, Mr. Pifer stated to the bidders the consensus of the Board is this is an absolute sale and opened the bidding process again for Parcel No. 3. The highest bidder was Michael Oie, Glencoe, MN, for the amount of \$350.00 per acre, total \$27,650.00.

A motion was made by Johnson, seconded by Stanley, to accept all bids for all three parcels as received from Michael Oie, Glencoe, MN, in the amount of \$242,600.00, approve the President sign all documents related to sale of the land, accept the earnest money from Mr. Oie, and proceed with the sale of the land. Motion carried.

Administrator Jesme presented items regarding electrical items for the new RLWD building. The consensus of the Board is have the Building Committee meet and review the potential items and present their recommendations to the Board at a later meeting.

Motion by Tiedemann, seconded by Knott, motion carried to adjourn.


Vernon Johnson, Secretary