

RED LAKE WATERSHED DISTRICT
Board of Manager's Minutes
SPECIAL MEETING
Via Conference Call
May 5, 2020

President Dale M. Nelson called the Special Meeting to order via telephonic Conference Call at 12:00 p.m. at the Red Lake Watershed District Office, Thief River Falls, MN.

Present in person Manager's Dale M. Nelson, Terry Sorenson and Brian Dwight. By roll call of President, others stated present via telephonic conference calling were Managers Gene Tiedemann, Allan Page, LeRoy Ose, and Les Torgerson. Staff Present: Myron Jesme and Tammy Audette and Legal Counsel Delray Sparby and Legal Counsel John Kolb (via telephone).

The Board reviewed the agenda. Motion by Tiedemann, seconded by Dwight, to approve the agenda. Upon roll call vote, motion carried unanimously.

President Nelson stated that a Special Meeting was called to allow the Board to have discussion on Change Order No. 1 for the Thief River Falls Westside Flood Damage Reduction Project, RLWD Project No. 178. Legal Counsel John Kolb stated that the contractor, R.J. Zavoral & Sons, Inc., requested the District to complete a Tax Exemption Status Form identified in the Specifications that says the Red Lake Watershed District referred to as the "Owner" of the project is tax exempt and a supplementary addition that said same "Owner" would provide provisions for Tax Exempt Status. Kolb stated that there are very specific statutory rules the District would need to meet, and our contract does not meet those tax exempt rules, which could leave the District with on-going risks for additional taxes and penalties, plus any product defect would be the responsibility of the District. In addition to the sales tax, the Contractor is also requesting an additional 10% to assist in compensating them for additional work to deal with ordering materials that were not part of their bid.

Engineer Nate Dalager, HDR Engineering, Inc., stated that the tax-exempt language should not have been in the Specifications.

Manager Nelson noted that HDR Engineering, Inc., has agreed to pay for all legal fees incurred by the District related to the tax-exempt discussions and negotiation and implementation of Change Order No. 1.

Motion by Dwight, seconded by Tiedemann, to move forward with the approval of Change Order No. 1, including the additional 10% fee, with HDR Engineering, Inc., paying all legal fees related to the tax exempt discussions and negotiation and implementation of Change Order No. 1 with R.J. Zavoral and Sons, Inc. for the construction of the Thief River Falls Westside Flood Damage Reduction Project, RLWD Project No. 178. Upon roll call vote, the motion carried unanimously.

Motion by Torgerson, seconded by Ose, and passed by unanimous roll call vote to adjourn the meeting.



LeRoy Ose, Secretary