**Attendance:** Chairman Jim Todahl called the November 19, 2018 meeting of the Sand Hill Advisory Committee (SHAC) to order at the Erickson’s Smokehouse in Fertile, MN. Other advisory members present were Phillip Swenson, Allen Stromstad, Scott Balstad, Gerald Paulson, Kenny Pederson, Steve Taylor, Joan Lee, Mark Christianson, Lori Thronson, Nicole Bernd, Jerry Jacobson, and Wayne Goeken. Others in attendance included Daniel Wilkens - Administrator and April Swenby – Administrative Assistant.

**Annual Reorganization of the Committee:** Chairman Todahl turned the meeting over to SHRWD Administrator Daniel Wilkens. Wilkens asked for nominations for Committee Chair. Committee Member Balstad nominate Committee Member Scott Tollefson as chair. Committee Member Paulson agreed/seconded the nomination made by Balstad. Wilkens called for additional nominations two more times when Committee Member Paulson made a Motion to cast a unanimous ballot for Scott Tollefson, Seconded by Committee Member Balstad, Carried.

The meeting was then turned over to Chairman Tollefson who began by thanking Committee Member Todahl for his many years as Chairman.

**Minutes:** A Motion to approve the minutes from August 7, 2018 was made by Committee Member Kenny Pederson, Seconded by Committee Member Alan Stromstad, Carried.

**District Financials:** The Committee was given the October’s Treasurer’s Report of the Sand Hill River Watershed. Wilken’s explained each page of the Treasurer’s report and how the information is used. Wilkens asked if the Committee Members had any questions regarding the finances of the Treasurer’s report.

**Ditch Funds:** Chairman Tollefson asked how the district handled ditches that have a negative balance. Wilkens explained that annually Swenby calculates the average interest that the district receives on its investments and charges ditches the calculated interest amount. Likewise ditches that retain a positive balance are paid the average interest rate towards their balance. If maintenance is needed, the district will perform the maintenance regardless of the balance. The levies are submitted as a board decision annually based on the balance of each ditch and levied appropriately.

**Web-Site Balance:** Committee Member Balstad asked what expenses were included in the web-site balance. Swenby explained that the web-site balance on the fund balance report is accumulative from the origination of the web-site. She also explained that the district web-site does not have any monthly fees associated with its existence as all web-maintenance is done in house; however, the balance reflected is the accumulative dollars used to pay for the search feature, mapping system and the permit database on the district’s web-site. The permit database system was recently updated this past year, which was approved by the board of managers. The permit database stores the information for all of the permits that have been received from the district from the origination of the district and the mappings system is a service provided to the public enabling users and staff to view items such as assessed areas of all ditches, district permits, land and soil type uses, wetlands and protected waters.

**Data and Acquisition Fund:** Committee Member Paulson asked for clarification on the Data and Acquisition Fund regarding the title “Vesledahl Investigations” and asked if the district is “doing business with a manager”. Swenby explained that the Data and Acquisition fund is a special levy under MN Statute that is set aside for data and acquisition but is restricted to a levy only once every 5 years or more, and cannot have a balance of more than $50,000 at one time. She explained that the “Vesledahl Investigations” are for the Vesledahl Wetland Banking project but are for survey and data investigations for that project. They are categorized separately for easy transfer should a project see fruition. Normally Swenby doesn’t separate those costs out, but because that area may see a project in the future and because the accumulative balance in the Vesledahl Wetland
Banking Fund is earmarked for specific purposes, she felt it best to separate them this way so that the district managers have a reminder of the costs associated with gathering data for this area.

**Administrator hiring process/expenses:** Committee Member Paulson noted that he saw expenses the check register indicated advertising for various projects and district endeavors but did not see advertising for the Administrator position. Swenby informed Committee Member Paulson that the check register presented to the Advisory Committee was for October, and that advertising for the Administrator position was done in September. Committee Member Paulson asked where the district advertised and Swenby confirmed that the board of managers asked her to advertise in *The Fertile Journal*, the MN Association of Watershed Districts, and the district web-site. Swenby was unsure of the circulation for the MN Association Watershed Districts, but noted it was statewide and included partnering agencies.

Committee Member Paulson and Committee Member Balstad agreed together that they felt the advertising for the Administrator was limited. Committee Member Paulson feels that the spirit of the Advisory Committee was not followed. Committee Member Paulson added that he felt the hiring process should be transparent.

Chairman Tollefson stated that the board of managers must have felt they were doing due diligence by choosing to advertise where they did. Committee Member Todahl disagreed with Paulson stating that the board of managers did comply with the Sand Hill Advisory Committee’s advice given in August and advertised for the position. Paulson stated that that board followed the “letter but not the intent”. Committee Member Balstad agreed with Paulson. Paulson stated that this reminded him of how the last Administrator was hired. Chairman Tollefson could not agree or disagree stating that the process of hiring the first Administrator was before his time with a different set of managers.

Committee Member Iverson added that Wilkens has been in the process of retiring for years and it shouldn’t be a surprise to anyone that he was planning on retiring as it has been in the works for many years. Committee Member Balstad was dissatisfied because the SWCD’s were not notified; Committee Member Thronson and Committee Member Bernd contradicted Balstad by stating they had both received an announcement for the job posting.

Swenby added to the committee conversation by stating that annually the Sand Hill board performs an annual reorganization of the board, and each year, they set a designated newspaper to represent the district. *The Fertile Journal* was set as the designated newspaper for the district and it is where all of our administration advertising is done, including budgets, meeting information and levy information.

**Financial Reporting:** Committee Member Balstad suggested a year to date comparison regarding the fund balance report. Wilkens explained that this report was a courtesy for informational purposes to the Advisory Committee and it is a report designed for the Sand Hill River Watershed District board of managers. The managers attend our meetings monthly and are engaged in the finances monthly and have never asked, nor had indicated that a YTD comparison sheet was needed. Swenby explained that at budget and levy time, the managers review YTD expenses and income for their funds and they are given YTD comparisons at that time to help them make decisions for projections going forward. Committee Member Paulson stated that the current Treasurer’s report was useless to him and did not tell him anything.

**Succession Planning:** Wilkens informed the committee that his last official day as Administrator of the Sand Hill River Watershed District will be December 31, 2018. Retirement announcements were given to the committee. Wilkens stated the interviews for two applicants were held last week and staff has not been informed of any outcome. Committee Member Paulson was discouraged as he felt the Advisory Board should be informed of who the candidates were. Wilkens reiterated that staff was not given that information. Chairman Tollefson noted that is probably not up to the staff to report that information but is information exclusive to the board and would likely be available if asked. Committee Member Paulson stated that if a quorum was present during the interviews that the meeting required noticing the public. Swenby stated that she posted the meeting on the district web-site and posted a notice on the door, as per open meeting law regulations. Swenby noted that it was a closed meeting during the interviews and that the agenda posted was noted for interviewing candidates, not for decision making. Swenby noted that she understood that minutes were taken by a manager for the district records and because a quorum was present. Wilkens was not present at the interviews. Committee Member Paulson reiterated that the Advisory Committee should have been kept informed of the meeting/interviews so that they or the public could offer their advice for the direction of the board and would have liked to have seen the finalists for the position. Committee Member Todahl asked Committee Member Paulson why he was being “knit-picky” and asked if Committee Member Paulson was trying to run people out. He added that he felt the board was doing a fine job.
and if they weren’t the Advisory Committee can speak through their recommendations to the Polk County Commissioners for board representation and Todahl questioned the motives of Committee Member Paulson. Committee Member Paulson rebutted by stating that he felt these were substantive arguments and disagreed that it was “knit-picky”.

**RRWMB Withdrawal:** The managers have voted to withdraw their membership from the RRWMB. Wilkens explained how the district will be funded without the RRWMB levy. The district will be using 103D.905 Subd.3. Wilkens explained that the district by statute would have only needed 50 signatures throughout the district to implement this statute but felt that receiving a petition from a local government unit was a better way to proceed. Polk County makes up 95% of the district. The managers asked Polk County for the petitions as they are elected to represent the taxpayers of the district. Swenby noted that the decision to leave the RRWMB will save tax payers almost $300,000 annually and will not affect the local efforts of the district. Committee Member Joan Lee added that when the Sand Hill came forward, she asked the Sand Hill to place an informational article in the paper and thought that during the decision process the newspaper should have been utilized more. Swenby told Lee and the committee that she did share that with the board of managers who complied with her recommendation by placing an article in the newspaper. During the process of deciding to leave the RRWMB, all information was placed on the district web-site and was public information. The mangers had decided to not “stir things up” with the public as both parties were sustaining efforts of compromise that would allow the district to stay in the RRWMB with good conscience. The decision was not made final until August of 2018 as the notice to withdraw was tentative for the summer. Swenby assured Lee that the board was informed of her recommendation and public notification was made.

Committee Member Paulson asked about an excerpt for the district minutes regarding the RCPP program and the NRCS and Red River Retention Authority (RRRA). It was noted that the RRRA had asked NRCS to disregard a contract with the Sand Hill because they are not RRWMB members, and Committee Member Paulson felt that the sediment basins were an excellent project that should be continued. Swenby answered stating that the sediment basins and the RCPP program are two separate projects/programs. She explained that the contract with NRCS for the RCPP program was made possible because of the RRRA. The RCPP program is a study that helps the district plan for flood retention projects and it is aimed towards receiving difficult permits from federal and state agencies for flood retention. She closed by stating that the efforts of the RRRA (which is comprised of RRWMB members) failed and NRCS agreed that the contract was between the district and NRCS and there weren’t grounds for the RRRA’s request. The Sand Hill plans to continue its efforts for flood retention.

**Programs/Projects:** Wilkens gave an update of the projects and programs of the district highlighting the Riffles, the buffer process and compliance, the River Clean up efforts, Ditch #80, Project # 5, Ditch 9 and 119.

**District Rules and Regulations:** Committee members were given copies of the proposed/draft Rules and Regulations. Committee Member Balstad expressed his hopes that the Sand Hill used the Wild Rice’s and the Red Lake’s rules as a guide. Wilkens confirmed that both districts were used for review and ultimately the district used the Model Rules from the RRWMB as a guide. The draft copy was worked on by staff and managers and a special meeting was held to discuss the Rules and Regulations. The managers also held multiple discussions during their regular monthly meetings. Staff explained the process for adoption of the Rules and Regulations. The process is set by MN Statutes. For the next 45 days, the Rules and Regulations are under review by various agencies and transportation departments. At the January meeting the managers will have the opportunity to review any comments if necessary and implement any changes. The board will then advertise to the public of the hearing, likely in February. The rules will be made available to the public for review and at the hearing the public will have the opportunity for public comment. After that process the board can adopt the rules taking all comments into consideration.

**Financials:** Committee Member Balstad asked to revisit the financials of the district. A **Motion** was made by Committee Member Balstad to ask Sweenby to prepare a YTD comparison fund balance report for next year’s SHAC meeting, **Seconded** by Committee Member Paulson, **Carried**. Sweenby noted that she will let the managers know of the request.

**Manager Appointment:** A **Motion** was made by Committee Member Stromstad to recommend Stuart Christain to the Polk County Commissioners, **Seconded** by Committee Member Pederson, **Carried**.

**Upcoming Meetings:** Chairman Tollefson suggested a meeting in June. Committee Member Balstad stated that June is a busy time. Committee Member Paulson suggested a meeting in March. Committee Member Balstad suggested meeting again in January. Chairman Tollefson asked if the board would be receptive to more frequent
SHAC meetings. Swenby could not speak for the board but felt that it wouldn’t be an issue as the SHAC can call their own meetings at their own discretion. At this particular meeting the Sand Hill Board of managers requested a meeting to discuss Manager Christian’s reappointment. She would ask the board for an action item decision regarding breakfast/meals, staff time to organize and take minutes at more frequent Advisory Committee meetings.

Paulson asked for a contact list of the appointed SHAC members. Swenby directed him to the Sand Hill web-site where a dedicated space is housed for all SHAC members and historical minutes.

**Adjournment:** The next meeting of the SHAC will be at the call of the chair as needed. As there was no further business, a **Motion** was made by Committee Member Todahl to adjourn, **Seconded** by Committee Member Balstad, **Carried**.

April Swenby, Administrative Assistant