

**MINUTES OF THE REGULAR MEETING  
OF THE  
COMFORT LAKE – FOREST LAKE  
WATERSHED DISTRICT  
Thursday, January 11, 2018**

**1. Call to Order**

President Anderson called the January 11, 2018 regular board meeting to order at 4:30 p.m. in the offices of the Comfort Lake-Forest Lake Watershed District, 44 Lake Street South, Suite A, Forest Lake, MN.

Present: President Jackie Anderson, Vice President Jon Spence, Secretary Wayne Moe, Treasurer Steve Schmaltz, Assistant Treasurer Jackie McNamara

Others: Mike Kinney, Jessica Lindemyer, Emily Heinz (remotely), Erin Edison (CLFLWD staff)

**2. Setting of Meeting Agenda**

There were no changes to the agenda.

**3. Public Open Forum**

President Anderson opened the public open forum. No comments were made. President Anderson closed the public open forum.

**4. Old Business**

**a) Loan Options Update**

Administrator Kinney noted that this item was tabled from the December 21, 2017 meeting. President Anderson stated that the purpose of this discussion is to cover the mechanics of obtaining a loan, and mentioned the need for executing the Institutional Account Agreement. There was discussion about necessary resolutions and forms to be completed.

Administrator Kinney noted that the projected 2017 yearend fund balance is higher than previously projected, so the District should have no trouble covering its ongoing expenses for the first 6 months of 2018. Two major upcoming capital projects, the Shields Lake Stormwater Project and Moody Lake Alum Treatment, are not slated until the fall, so the District has some time to put together a loan application before those big expenses start coming in. He recommended that the District proceed with the Pollution Control Agency's Clean Water Partnership (CWP) loan application. Multiple projects could be combined into one application to reach a total of \$500,000 (as budgeted in the 2018 revenue budget) or more. President Anderson pointed out that Northland Securities

agreed that the CWP loan program, with its 0% interest rate is a good deal. Manager Schmaltz expressed concern about potential upcoming changes in grant funding availability causing many more organizations to look toward the loan program, and stressed that the District should apply for the CWP loan soon while funding is still available. The District would have three years to expend the loan funds, on a reimbursement basis. Then the repayment period would occur after the expenditure (disbursement) period and would last 10 years.

Manager Spence moved to apply to the Clean Water Partnership loan program for a loan in the amount of \$500,000, as indicated by the loan revenue line item in the 2018 revenue budget. Seconded by Manager Schmaltz.

Discussion: It was clarified that the CWP loan funds could be used for both programs and projects.

Upon a vote, the motion carried 5-0.

Mr. Kinney noted that staff will continue to work with the PCA to understand the loan process and put together the application.

Mr. Kinney explained purpose of having an investment policy in order to maximize interest returns on the funds that typically go unused in the District's reserve fund. There was general agreement in the idea of investing District reserve funds.

President Anderson moved to assign Treasurer Schmaltz and Assistant Treasurer McNamara to work with staff to move forward with the investment policy and bring a final action item back to the full board at a future meeting. Seconded by Manager Moe. Upon a vote, the motion carried 5-0.

#### **b) One Watershed-One Plan (1W1P) Update**

Mr. Kinney explained that, through the Watershed Based Funding Pilot Program, it seems possible that in the future the CLFLWD could be eligible for potentially three funding programs of the Clean Water Fund: 1) seven county metro funding, 2) the Lower St. Croix 1W1P implementation funds and 3) the ongoing competitive grant program. There was discussion about potential formulas for funding distribution such as by acreage, and discussion topics at past inter-agency meetings. Mr. Kinney stressed the importance of keeping prioritized, targeted, and measurable (PTM) goals in mind when deciding on a way to distribute funding; the best projects get funded first.

President Anderson stressed the importance of managing water issues from a hydrologic boundary perspective as opposed to a political boundary perspective. She noted that the Watershed Based Funding program is a pilot program, and if it does not accomplish what the legislature wants it to accomplish then the program will need to be changed. Manager Spence pointed out the second bullet on the Watershed-based Funding Pilot Program Guiding Principles document: "Watershed-based funding must be based upon

accountability and performance in achieving measurable progress towards elements of the comprehensive watershed management plan.” There was discussion about the differences between an equal distribution formula versus a competitive distribution formula, and the elements of the program that do refer to PTM. Manager Schmaltz proposed that the District try to convince other organizations to opt out of the cooperative, equal funding program and choose to compete for funding based on PTM goals. President Anderson noted that she and Mr. Kinney are planning to attend the Metro MN Association of Watershed Districts (MAWD) meeting next Tuesday evening, January 16<sup>th</sup>. There was further discussion about PTM and the potential for funding distribution by acreage. President Anderson expressed agreement with the 1W1P idea of aligning different agencies’ plans according to hydrologic boundaries, but disagreed with the current track that the program seems to be on. She initially believed the purpose of the program to be to help non-taxing authority organizations get on track with managing water resources similar to how watershed districts do by using PTM. There was discussion about the origination of Soil and Water Conservation Districts (SWCDs), recent agricultural trends in the United States, and implications for this program and water management. Mr. Kinney noted that the MAWD legislative session is scheduled for Wednesday, March 7<sup>th</sup> (normally consists of the evening presentations) and Thursday March 8<sup>th</sup> (normally consists of the breakfast and visits with elected officials).

**c) 2018 Board Meeting Scheduled Adjustment**

President Anderson requested that staff provide a separate schedule of additional meetings such as the water consortium, metro MAWD, MAWD organizational meetings etc. There was discussion about the 2018 board meeting schedule, and agreement on multiple revisions. Staff will post the revised meeting schedule on the District website.

**5. Adjourn**

**a) Next regular board meeting – January 16, 2018**

Manager Spence moved to adjourn the meeting at 5:42 p.m. Seconded by Manager Schmaltz. Upon vote, the motion carried 5-0.

Wayne S. Moe, Secretary \_\_\_\_\_