

**MINUTES OF THE REGULAR MEETING OF
THE MINNEHAHA CREEK WATERSHED DISTRICT
BOARD OF MANAGERS**

August 10, 2017

CALL TO ORDER

The regular meeting of the Minnehaha Creek Watershed District Board of Managers was called to order by President Sherry White at 6:45 p.m. on August 10, 2017 at the District offices, 15320 Minnetonka Boulevard, Minnetonka, Minnesota.

MANAGERS PRESENT

Sherry White, Brian Shekleton, Richard Miller, Kurt Rogness, William Olson, William Becker.

MANAGERS ABSENT

Jessica Loftus.

DISTRICT STAFF AND CONSULTANTS PRESENT

Lars Erdahl, Administrator; Renae Clark, Planner-Project Manager; Telly Mamayek, Communications and Education Director; Chuck Holtman, Counsel.

MATTERS FROM THE FLOOR

None.

APPROVAL OF AGENDA

Manager Rogness moved, Manager Becker seconded, to approve the agenda. Upon vote, the motion carried 6-0.

INFORMATION ITEMS/CORRESPONDENCE

Manager White noted correspondence from the City of Orono advising that the Carmen Bay Lake Improvement District has been established.

CONSENT AGENDA

Manager Becker moved, Manager Rogness seconded, to approve the consent agenda consisting of the July 27, 2017 minutes. Upon vote, the motion carried 6-0.

REGULAR AGENDA

Board, Committee and Task Force Reports

President White reported that she recently attended a meeting of the Watershed Management Plan (WMP) Policy Advisory Committee. The meeting was thinly attended but Becky Christopher gave a good presentation.

President White reported that the Citizens Advisory Committee (CAC) met last night with an agenda that included the 50th Anniversary, Watershed Heroes plans, a WMP update, and an update on the Six Mile-Halsted Partnership work. In addition, reference was made to an August 24 event at Cottageville Park and an upcoming prairie walk that Darren Lochner will host in the Six Mile Watershed. President White noted that Board liaisons for the next four CAC meetings are Managers Olson, Loftus, Becker and Miller.

Manager Olson reported that the Operations and Program Committee met on Monday. There was wide representation of District staff with recommendations for organizational changes. Manager Loftus reviewed staff comments with the group and the meeting was well conducted. Manager Loftus will take the recommendations along with those of the Committee and the consultant and organize them for the Board to discuss and vote on.

President White added that the Joint Committee met this evening to review work plans for planning and programs and education/communications. Both plans are well done.

President White reviewed the upcoming meeting and events schedule and added a September 13 CAC meeting at which Manager Olson will be the liaison.

Resolution 17-048: Subordination of Mortgage for Painter Marsh Easement

Ms. Clark presented background for the request of L & P Schaper Properties LLC that the District subordinate its mortgage, presently subordinated to \$300,000.00 of bank financing, to an additional \$530,000.00, approximately. Ms. Clark reviewed the Painter Marsh geography, the location of the subject parcel within that geography and the history of the District's transactions with respect to the property. Ms. Clark reminded the Board that in 2013, it subdivided a parcel adjacent to the property owner and sold 5.32 acres of that to the property owner, including the stable and outbuildings. At that time the District took a mortgage on the entire combined new parcel as well as conservation, flowage and access easements over the adjacent property. In the mortgage, the parties recognized the property owner's intent to obtain additional financing for capital and business development and the District made a certain commitment to subordinate to financing. The present proposal would involve the District's subordination in exchange for an adjustment of the note from a 30-year to a 20-year note, an expansion of the conservation

easement and a mortgage amendment clarifying that the District would not further subordinate to any subsequent financing.

Manager Miller asked about the uses to which the new financing will be put. Ms. Clark replied that about half is to property and facilities improvements and about half is to operations. Manager Becker asked if the District has issued notes with respect to other property transactions. Manager Miller replied that this is the only such case and reviewed the unusual circumstances that led the District to agree to provide the financing in this case. Manager Becker said it is good that the District has not issued other notes but that it appears as though the District made a certain commitment and therefore should keep it.

Manager Miller moved, Manager Becker seconded, to adopt the proposed Resolution as follows:

THEREFORE BE IT RESOLVED that the Board of Managers authorizes the District Administrator, with any non-substantive revisions and on the advice of counsel, to sign the subordination agreement, First Amendment to the Note, First Amendment to Mortgage, and Conservation Easement.

Manager Miller offered that the District is obtaining value with the additional easement. He noted that if the District had removed the existing improvements at the time of its purchase it would have been economically inefficient and a loss of a local asset. He would prefer that all new money be devoted to capital improvement but he finds the proposal acceptable under the circumstances.

Manager Olson asked if the petting zoo has been established. Ms. Clark replied that the stable itself only houses up to two horses at this time but that there is another barn that does have a petting zoo.

Manager Miller asked how the new easement is delineated. Ms. Clark replied that it is delineated by a legal description that is based on elevation modeling by the U.S. Army Corp of Engineers related to feasibility work for the potential joint habitat improvement work. Responding to Manager Becker, Ms. Clark affirmed that the mortgage document itself does contain specific text setting forth the District's commitment to subordinate. ***Upon vote, the motion carried 6-0.***

Resolution 17-049, 2017 Watershed Heroes Awards Recipients

Ms. Mamayek reviewed the process used to develop award recommendations and reviewed the proposed awardees. She noted that awards will be presented at a sunset celebration at St. Mary's Greek Orthodox Church in Minneapolis on November 2.

Minutes of the Regular Meeting
Minnehaha Creek Watershed District
Board of Managers
8-10-2017

Manager Olson moved, Manager Rogness seconded, adoption of Resolution 17-049, as follows:

NOW THEREFORE BE IT RESOLVED that the Minnehaha Creek Watershed District Board of Managers hereby recognizes the following individuals and groups for their outstanding contributions to watershed management:

Partnership Award, Japs-Olson Company

Innovation Award, Lennar Corporation

Excellence Award, Park Nicollet

Sound Science Award, Dr. Peter Sorensen

Service Award, Minneapolis Area Synod of the ELCA

Young Naturalist Award, The Blake School Fourth Grade Class

Cynthia Krieg Lifetime Stewardship Award, Peggy Knapp

BE IT FUTHER RESOLVED that the District Administrator is authorized to purchase appropriate awards to be given to the award recipients at the Sunset Celebration at St. Mary's Greek Orthodox Church on November 2, 2017.

Upon vote, the motion carried 6-0.

DISCUSSION AGENDA

Big Island Conservation Easement and Planning

Mr. Erdahl noted that the Board had asked counsel to advise on the District's authority to transfer the easement. He referenced counsel's memo distributed to the managers. Ms. Erdahl reported that he has met recently with the CAC member on the City of Orono Committee, has met with Gabriel Jabbour and the City Council member who is leading the committee and, along with Ms. Clark, has met with the committee itself. He and Ms. Clark have shared the District's commitment to protect the island's resource values per the terms of the conservation easement and to work with the City to promote passive use and enjoyment of the property. He noted that the City planning commission has facilitated one clean up event and plans two more in the fall in which the District has expressed its interest in cooperating. The City also would like to locate a storage facility for trail maintenance equipment, given the infeasibility of transporting equipment to the island for maintenance purposes. City staff are preparing a proposal for District review. Mr. Erdahl reported, finally, that the City has done some structural maintenance and is working

on the development of a longer-term property use plan. Mr. Erdahl noted that District staff inspect the island for easement compliance at least once a year, but typically more frequently.

A general discussion followed regarding the need for the City's planning to incorporate the District's interest as reflected in the conservation easement and management plan as well as issues related to public use and misuse of the property. Manager Shekleton noted that a wedding recently was held on the island and asked how this relates to the City's intentions. Mr. Erdahl replied that the wedding was not permitted by the City but simply undertaken by the participants. He said that the City intends to program the space for educational purposes but not for events. Responding to a question, he said that under the conservation easement, the City may erect structures within the defined area of the island if the District finds it would be consistent with the conservation values recited in the easement and approved.

Manager Miller emphasized that the Island is a regional asset supported by state, District and City funds and the City plans need to accommodate those interests appropriately. He proposed that the District explore contracting with the Minnesota Land Trust to provide monitoring services. The Land Trust is experienced in monitoring practices and this would help keep the subject from becoming a point of conflict directly between the District and the City.

Manager Olson asked how the District knows if trail work or other disturbance is taking place on the island. Mr. Erdahl replied that under the conservation easement, the City may maintain existing trails but must follow a process for District approval for any new or expanded trails. President White noted the role of the management plan in defining the future use and development of the property.

Manager Miller moved, Manager Shekleton seconded, that staff is to explore contracting with the Minnesota Land Trust to provide inspection services. Upon vote, the motion carried 6-0.

ADMINISTRATOR'S REPORT

Mr. Erdahl reported that CenterPoint Energy will begin its construction work on the Cottageville Park property next Monday and is expected to occupy the easement area for about three weeks.

He reported that the Edina City Council at its August meeting voted to delay action on the next phase of the Arden Park project and will hold a public hearing on September 6. District staff presented at the August meeting and will repeat that presentation. The City Council has indicated that it will take action on September 19.

The Minneapolis Park and Recreation Board voted on operational changes relating to the Hiawatha Golf Course that will be implemented after the 2019 golf season.

Finally, regarding the WMP, the Policy Advisory Committee, the Technical Advisory Committee and a general convening of interested parties all will occur next week. Mr. Erdahl affirmed that public engagement has been strong throughout the process. The public comment

Minutes of the Regular Meeting
Minnehaha Creek Watershed District
Board of Managers
8-10-2017

period ends September 5, after which a public hearing will be held by the Board of Managers in accordance with state rules.

ADJOURNMENT

There being no further business, the regular meeting of the Minnehaha Creek Watershed District Board of Managers was adjourned at 7:30 p.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Kurt Rogness" followed by a horizontal line extending to the right.

Kurt Rogness, Secretary