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3 **MINUTES OF THE REGULAR MEETING OF**  
4 **THE MINNEHAHA CREEK WATERSHED DISTRICT**  
5 **BOARD OF MANAGERS**  
6

7 **August 10, 2017**  
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9

10 **CALL TO ORDER**

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

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18 Sherry White, Brian Shekleton, Richard Miller, Kurt Rogness, William Olson, William Becker.  
19

20 **MANAGERS ABSENT**

21  
22 Jessica Loftus.  
23

24 **DISTRICT STAFF AND CONSULTANTS PRESENT**

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26 Lars Erdahl, Administrator; Renae Clark, Planner-Project Manager; Telly Mamayek,  
27 Communications and Education Director; Chuck Holtman, Counsel.  
28

29 **MATTERS FROM THE FLOOR**

30  
31 None.  
32

33 **APPROVAL OF AGENDA**

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35 *Manager Rogness moved, Manager Becker seconded, to approve the agenda. Upon vote, the*  
36 *motion carried 6-0.*  
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38 **INFORMATION ITEMS/CORRESPONDENCE**

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40 Manager White noted correspondence from the City of Orono advising that the Carmen Bay  
41 Lake Improvement District has been established.  
42

43 **CONSENT AGENDA**

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

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**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 50<sup>th</sup> 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

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

92  
93 Manager Miller asked about the uses to which the new financing will be put. Ms. Clark replied  
94 that about half is to property and facilities improvements and about half is to operations.  
95 Manager Becker asked if the District has issued notes with respect to other property transactions.  
96 Manager Miller replied that this is the only such case and reviewed the unusual circumstances  
97 that led the District to agree to provide the financing in this case. Manager Becker said it is good  
98 that the District has not issued other notes but that it appears as though the District made a  
99 certain commitment and therefore should keep it.

100  
101 *Manager Miller moved, Manager Becker seconded, to adopt the proposed Resolution as*  
102 *follows:*

103  
104 ***THEREFORE BE IT RESOLVED that the Board of Managers authorizes the***  
105 ***District Administrator, with any non-substantive revisions and on the advice of***  
106 ***counsel, to sign the subordination agreement, First Amendment to the Note,***  
107 ***First Amendment to Mortgage, and Conservation Easement.***

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

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

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

121  
122 Resolution 17-049, 2017 Watershed Heroes Awards Recipients

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

127

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

130  
131 ***NOW THEREFORE BE IT RESOLVED that the Minnehaha Creek Watershed***  
132 ***District Board of Managers hereby recognizes the following individuals and***  
133 ***groups for their outstanding contributions to watershed management:***

134  
135 ***Partnership Award, Japs-Olson Company***

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137 ***Innovation Award, Lennar Corporation***

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139 ***Excellence Award, Park Nicollet***

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141 ***Sound Science Award, Dr. Peter Sorensen***

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143 ***Service Award, Minneapolis Area Synod of the ELCA***

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145 ***Young Naturalist Award, The Blake School Fourth Grade Class***

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147 ***Cynthia Krieg Lifetime Stewardship Award, Peggy Knapp***

148  
149 ***BE IT FUTHER RESOLVED that the District Administrator is authorized to***  
150 ***purchase appropriate awards to be given to the award recipients at the Sunset***  
151 ***Celebration at St. Mary's Greek Orthodox Church on November 2, 2017.***

152  
153 ***Upon vote, the motion carried 6-0.***

154  
155 **DISCUSSION AGENDA**

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157 **Big Island Conservation Easement and Planning**

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

171 on the development of a longer-term property use plan. Mr. Erdahl noted that District staff  
172 inspect the island for easement compliance at least once a year, but typically more frequently.  
173

174 A general discussion followed regarding the need for the City's planning to incorporate the  
175 District's interest as reflected in the conservation easement and management plan as well as  
176 issues related to public use and misuse of the property. Manager Shekleton noted that a wedding  
177 recently was held on the island and asked how this relates to the City's intentions. Mr. Erdahl  
178 replied that the wedding was not permitted by the City but simply undertaken by the participants.  
179 He said that the City intends to program the space for educational purposes but not for events.  
180 Responding to a question, he said that under the conservation easement, the City may erect  
181 structures within the defined area of the island if the District finds it would be consistent with the  
182 conservation values recited in the easement and approved.  
183

184 Manager Miller emphasized that the Island is a regional asset supported by state, District and  
185 City funds and the City plans need to accommodate those interests appropriately. He proposed  
186 that the District explore contracting with the Minnesota Land Trust to provide monitoring  
187 services. The Land Trust is experienced in monitoring practices and this would help keep the  
188 subject from becoming a point of conflict directly between the District and the City.  
189

190 Manager Olson asked how the District knows if trail work or other disturbance is taking place on  
191 the island. Mr. Erdahl replied that under the conservation easement, the City may maintain  
192 existing trails but must follow a process for District approval for any new or expanded trails.  
193 President White noted the role of the management plan in defining the future use and  
194 development of the property.  
195

196 *Manager Miller moved, Manager Shekleton seconded, that staff is to explore contracting with*  
197 *the Minnesota Land Trust to provide inspection services. Upon vote, the motion carried 6-0.*  
198

199 **ADMINISTRATOR'S REPORT**  
200

201 Mr. Erdahl reported that CenterPoint Energy will began its construction work on the Cottageville  
202 Park property next Monday and is expected to occupy the easement area for about three weeks.  
203

204 He reported that the Edina City Council at its August meeting voted to delay action on the next  
205 phase of the Arden Park project and will hold a public hearing on September 6. District staff  
206 presented at the August meeting and will repeat that presentation. The City Council has indicated  
207 that it will take action on September 19.  
208

209 The Minneapolis Park and Recreation Board voted on operational changes relating to the  
210 Hiawatha Golf Course that will be implemented after the 2019 golf season.  
211

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

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

217

218 **ADJOURNMENT**

219

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

222

223 Respectfully submitted,

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225

226

227 Kurt Rogness, Secretary

DRAFT