1) Call to Order

The President called the August 5, 2009 budget workshop meeting to order at 6:00 p.m. at the Forest Lake City Offices, 220 North Lake Street, Forest Lake, Minnesota

Present: President Richard Damchik, Vice President Jackie Anderson, Treasurer Tom Lynch, Secretary Wayne Moe, Manager Jon Spence, Staff: Randy Anhorn

2) Discuss District’s 2010 Budget and Levies

The President called for discussion on the Comfort Lake – Forest Lake work plan and budget for 2010.

Administrator Anhorn mentioned that he met with the President and Treasurer to hold preliminary discussions on the District’s 2010 work plan and budget. Anhorn presented the Board with the first draft of a work plan and corresponding budget for 2010 (copies of each are incorporated by reference and annexed within). The Board held discussions on the presented draft budget and the resulting levy needs.

Administrator Anhorn further stated that he recently met with Commissioner Hegberg and Commissioner Montzka to present and discuss the proposed work plan and budget. Anhorn stated that Commissioner Hegberg and Commissioner Montzka were both invited to today’s workshop to voice any concerns. Anhorn further mentioned that both Commissioner Hegberg and Commissioner Montzka were pleased that the District planned on keeping the 2010 levy flat, as compared to 2009, and were pleased with the progress that the District had made.

The Board and staff briefly went through the proposed work plan and budget and highlighted areas similar to 2009 and areas where there were changes including the initiation of the Watershed Management Plan update, the continuation of two capital projects (NBL12 an FL44 wetland restoration projects) and the initiation of two additional capital projects included in the District’s CIP (Moody Lake carp removal and alum treatment 2010 and 2011). Administrator Anhorn stated that the proposed administrative budget for 2010 was actually less that that for 2009 (which was less that 2008). The Board discussed how the 2010 work plan and budget was an extension of what was discussed and adopted as part of the 2009 budget process.
The Board further discussed the potential to restructure, or tier the District’s maximum cost-share amount for its BMP cost-share program in order to raise the maximum for larger projects (often associated with city and commercial developments) to get increased water quality benefits.

The Board discussed select increases and also discussed rising benefit costs for staff. Following discussion on projected increases in benefits (health, dental and life, short- and long-term disability) and the current status of the economy, they discussed leaving the Administrator’s salary the same as 2009, but increase the benefit package to cover projected increases.

Following discussion, Manager Anderson made motion to keep the Administrator’s 2010 salary the same as that of 2009, and budget the additional benefit coverage to cover the anticipated increases. The motion was seconded by Manager Spence. Upon vote, the motion passed unanimously.

Following the determination of the Administrator’s 2010 salary Manager Spence made motion to tentatively accept the 2010 budget and levies with the discussed modifications in for official action at the Budget Public Hearing as follows;

- A $250,000 general fund levy for District operations as authorized by Minnesota Statutes 103D.905.
- A $497,000 Metropolitan Surface Water Management Act implementation levy as authorized by Minnesota Statutes Section 103B.241.
- A levy for tort liability insurance premiums of $8,000 as authorized by Minnesota Statutes 466.06.

The motion was seconded by Manager Moe. Upon vote, the motion passed unanimously.

Motion was made by Manager Spence to schedule the 2010 Budget public hearing for August 27, 2009 at 6:30 p.m. (prior to the regular Board meeting) at the Forest Lake City Hall located at 220 North Lake Street, Forest Lake. The motion was seconded by Manager Moe. Upon vote, the motion passed unanimously.

Administrator Anhorn stated that he would post notices in the District’s official papers for two consecutive weeks at least 10 days prior the hearing date. In order to meet the deadlines, public notices will have to be forwarded to the papers on Thursday, August 6, 2009.

Manager Damchik had to leave the meeting to attend the City of Forest Lake Planning Commission meeting.

The Board then discussed the District held funds and cash management as part of its budgetary process. The Board discussed concerns with the status of its official depository, Mainstreet Bank of Forest Lake. The Board discussed the recent Star Tribune article detailing the Bank’s negative equity issues (liabilities exceeding assets, possibly pushing the bank toward becoming insolvent) along with the recent cease and desist order on the Bank from the FDIC.
While the Board discussed the fact that its funds are protected via FDIC and collateral purchased by Mainstreet Bank to cover funds over the FDIC insured amount, the Board was concerned and discussed options for continued protection of the District’s funds (public funds), and to make sure monies remained liquid so the District can continue to function as it currently does.

Administrator Anhorn re-presented findings from meetings with other area banks (First State Bank of Wyoming, Frandsen Bank, Mainstreet Bank, Patriot Bank, and Wells Fargo Bank) (initially presented at the District’s April 23, 2009 Board meeting), to seek comparable information on each bank in order to evaluate which would provide the best opportunity and safety of the District’s holding (a copy is annexed and incorporated by reference).

The Board then discussed various options on what should be done with its funds and the current status of Mainstreet Bank. Options discussed included;

- leave all District funds with Mainstreet Bank, see what happens in the short-term, and address the issue at the District’s August 27, 2009 Board meeting.
- take action to move all District funds out of Mainstreet Bank and designate a new official depository.
- move $225,000 to a savings account with another institution until needed (which would leave roughly $225,000 at Mainstreet Bank where the current checking account is). The Board’s thought behind this would be to keep everything under the $250,000 insured by the FDIC in both accounts, while retaining sufficient funds in the Mainstreet Bank account to continue operating for several months. The Board would then re-address the re-designation issue at the Board’s August 27, 2009 meeting.

Following discussion on the various options the Board thought that it would be most prudent (being that the District funds were actually public funds) to move $225,000 to a different institution in the short-term in order to be prepared if Mainstreet Bank does become insolvent. This would allow funds to be available if those protected funds at Mainstreet Bank are difficult to get at for a time. The Board further stated that the Administrator should add the discussion of potentially designating a need official depository at the August 27, 2009 meeting.

The Board then discussed which of the Banks included in the Administrator’s survey the District should open the new account with. Following discussion on the desire to stay local and comparing current interest rates and various banking options and costs, the Board felt that the First State Bank of Wyoming was the best option.

Following discussion Manager Moe made motion, seconded by Manager Spence, to set up a money market savings account with First State Bank of Wyoming with each of the five Managers and District Administrator as official signers for the account and to transfer $225,000 from the District savings account currently held at Mainstreet Bank to the newly opened money
market account at First State Bank of Wyoming. Upon vote, the motion passed four (4) ayes to zero (0) nays, with Manager Damchik being absent.

3) **Adjournment**

Motion to adjourn CLFLWD budget workshop was made by Manager Moe and seconded by Manager Spence. Upon vote, the motion passed four (4) ayes to zero (0) nays, with Manager Damchik being absent.

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Wayne S. Moe, Secretary