

Joint Governance and Audit & Finance Committee Meeting

April 29, 2024, 1:30pm

18681 Lake Dr E, Chanhassen

Managers and staff present:

David Ziegler

Tom Duevel

Jill Crafton

Louis Smith

Terry Jeffery

Dylan Monahan

Amy Bakkum

1:30pm Managers Ziegler and Crafton called the meeting to order.

The only item on the special meeting agenda was to discuss and review the Governance Manual.

First, Administrator Jeffery brought attention to the section on Per Diems. Attorney Smith was prompted to discuss the ongoing discussion surrounding the utilization of 1099 vs W-2 forms. Attorney Smith stated that he had consulted with employment attorney Julie Fleming-Wolfe and that she cited the League of Minnesota Cities. The LMC guidance cites an IRS document which is related to public officials. Attorney Smith described some of the positions addressed in the document but noted it does not address watershed districts. There was discussion as to whether city officials are paid via an established salary versus per diems. Attorney Smith asked whether the committees wanted to dig further into the issue of 1099s versus W-2's.

Administrator Jeffery commented that all of the listed positions in the IRS document are elected and was curious how Met Council or BWSR board members are treated. Manager Crafton said she was listed as an employee. Attorney Smith stated that the guidance seems broad as to public boards. Administrator Jeffery stated his concerns over managers being treated as employees in regard to claiming other benefits. Attorney Smith noted that the scope of the compensation is set by the statute for necessary duties and does not trigger other rights or benefits. The statute also sets a limit and so it would not allow a manager to claim minimum wage.

Manager Duevel commented that it didn't seem worthwhile to spend additional time on the discussion. Manager Ziegler asked what would be easiest and Administrator Jeffery recommended 1099s that are processed the same as invoices. Manager Duevel said that one-third of the [metro] districts process per diems this way. Manager Crafton also said that she would prefer 1099s. Attorney Smith said that the board can exercise its prerogative but that he cannot find a reading for 1099s in the guidance document. The other managers agreed that they are fine staying with W-2s.

Administrator Jeffery asked for clarification of per diems being paid for one preparation per meeting. It was affirmed that the language should reflect that a manager receives one per diem for preparation of the regular meeting—preparation cannot be claimed for preparation for committee meetings or for continuations of board meetings.

There was discussion about per diems only being paid for those activities that have been directed by the whole board or by the Administrator. These activities are not at the discretion of the manager. There was

continued discussion over how this language should appear in the governance manual to make limitations on per diems clearer.

Administrator Jeffery continued onto the Fund Balances and Procedures section. There was discussion regarding ACH language and how ACH payments will be processed. Administrator Jeffery confirmed that vendors will come before the board on a resolution to be approved and afterwards, those payments will appear in the Treasurer's Report as pre-approved ACH payments.

There was a change to language in the credit card use which allows a maximum single charge of \$5000 and allowable maximum charge totaling \$10,000. Administrator Jeffery requested this language be changed to match the administrator's authority to spend up to \$10,000. There was also a change that if a credit card receipt is not provided by staff they must reimburse the district—this was changed to the Administrator may, by their discretion, ask for reimbursement.

There was discussion on investments such as the district's investments are managed by 4M and their investment vehicles. Therefore, the language which requires competitive quotations before investment needs to be tweaked.

Attorney Smith stated that the policies on permit fees, public policies, etc. had not been reviewed by the Audit and Finance Committee and so the committee was redirected there to review. Language which had been added to the policies on permit fees which clarified existing policy was accepted. Language referring to "wire transfers" was removed as the district does not accept payment from permit applicants in this form. Language which consisted purely of stylistic changes was not accepted. Language related to the audit was not accepted.

Administrator Jeffery suggested a workshop to go through the Governance Manual changes. It was recommended that June be used because the July workshop is already full with budget work. The Governance Manual could then be brought to the committees for any further changes with the manual coming to the board at the August meeting.

The meeting was adjourned at 3:04pm.