



November 27, 2018

Honorable Board of Managers  
Nine Mile Creek Watershed District  
12800 Gerard Drive  
Eden Prairie, MN 55346

We are engaged to audit the financial statements of the governmental activities and each major fund of Nine Mile Creek Watershed District for the year ended December 31, 2018. Professional standards require that we provide you with the following information related to our audit. We are available to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process. Our contact information is provided below:

	Direct Dial	Email
Peggy A .Moeller, CPA	(651) 407-5832	pmoeller@redpathcpas.com
Jackie Kotilinek, CPA	(651) 255-9339	jkotilinek@redpathcpas.com

Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 22, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Budgetary Comparison Schedule, Schedule of Proportionate Share of Net Pension Liability, Schedule of Pension Contributions, and Notes to RSI, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have not been engaged to report on the Introductory Section and the Market Values by Watershed Exhibit, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor’s report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other

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information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately January 28, 2019 and issue our report no later than March 31, 2019. Peggy Moeller is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Additionally, audit standards requires us to inquire of those directly charged with governance as to their knowledge or suspicions of fraud, as well as their views about fraud risks. As such, please contact us if there is anything which you would like to discuss with us in these regards.

This information is intended solely for the use of the Board of Managers and management of Nine Mile Creek Watershed District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

REDPATH AND COMPANY, LTD.



Peggy Moeller, CPA

**From:** Mark Lambert  
**Date:** Tue, Dec 11, 2018 11:55 AM  
**To:** Mark Lambert;  
**Cc:**  
**Subject:**Responsible Watershed Rules and Oversight for Watershed Districts - Call to Action!

Dear Friend and Valley Branch Watershed Permit Holder:

We are forming an association to slow and perhaps even reverse some of the overreaching rules and technical requirements of metro watershed districts and we'd like you to consider joining us!

You recently made a permit application to the watershed district. At my request, my office staff gathered your name and email from that application. We are including you on this email because we believe that you, like us, are becoming increasingly frustrated with your local watershed rules, oversight, and enforcement by the watershed district.

I am a developer, a real estate attorney, and owner of Summit Management, LLC., which is located in Stillwater, Minnesota. I have developed approximately 30 multi-family buildings outside the Metro area. In 2016, I entered the metro area by building multi-family housing in the Forest Lake area and now I am building a new office for our own use in Stillwater. I whole-heartedly believe in the preservation and creation of clean water and I support the reasonable requirements that come with good storm water management and enforcement. However, I believe many local watersheds have used ambiguous state statutes and unchecked local authority to grow their rules, permitting, enforcement, staff, third-party engineers, and attorneys into large self-regulating bodies that now rival or surpass most metro municipal zoning controls. I am also aware that there is a movement by these same metro watersheds to create a "One Watershed" organization which will further organize the watersheds into a unified force – and one that would still not be directly accountable to the voting public.

After a number of permitting and enforcement issues with three metro watersheds these past two years, in January of this year I hired Reid LeBeau, a well-respected local lobbyist, and together we reviewed the current state watershed statutes, and crafted and introduced what I am calling a "Watershed Permit Holder's Bill of Rights." I have attached a copy of the bill for your review. The proposed legislation would, among other things, impose new requirements of cost benefit balancing before adopting watershed new rules, limit excessive buffers, eliminate "pre-settlement" standards, limit private maintenance declarations, and protect existing water rights of permit holders. We introduced this bill late into the start of last year's legislative session but were unable to meet the initial committee deadline to get it moved forward. We are hopeful to change that this upcoming session.

This brings me to you. As a member of the development community, or perhaps even a homeowner or small business owner, I believe we need to create our own association that will represent the watershed permit applicants and permit holders, as well as those regulated by these watershed jurisdictions, to advocate for better state legislation that will require responsible watershed rules and oversight. The watershed districts have already established their own association called the Minnesota Association of Watershed Districts (MAWD) which is active at the Legislature and supports the expansion of many of the metro watershed initiatives. Even these watershed administrators have their own association called the Minnesota Association of Watershed Administrators (MAWA). During my visits to the legislature last spring, I had a couple of legislators tell me that they would welcome a countering voice to these two lobby groups at the Capitol.

Together we can be a strong voice of reason!

Thanks, Mark

Mark W. Lambert

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