



## Minutes

Regular Meeting of the KID Board of Directors  
 Carl W. Petersen Board Room  
 Tuesday, March 2, 2010, 9:00 a.m.

**Call to Order/Roll Call:** President Jaksch called the meeting to order in open session at 9:00 a.m. and District Manager Freeman called the roll.

**Directors Present:**

Gene Huffman  
 Patrick McGuire  
 John Jaksch  
 David McKenzie  
 John Pringle

**Staff Present:**

Charles Freeman, District Manager  
 Joetta Rupert, Real Estate Manager  
 Clark Haueter, Finance Manager  
 Brian Iller, Legal Counsel  
 Scott Revell, Planning Manager  
 Beth Smith, Deputy Operations Manager  
 Greg Harting, Incoming Operations Manager  
 Con Higley, Operations Supervisor  
 Mike Pearce, Maintenance Patrol  
 Sandra Dallas, Administrative Assistant  
 Lynda Rosenbaum, Administrative Contracts Specialist  
 Doris Fiske, Executive Assistant

**Approval of Agenda:** President Jaksch moved the Realty item to the beginning of the meeting, to be followed by scheduled visitors, then unscheduled visitors. He moved Approve Letter to Derek Sandison – Funding to executive session. **Vice President Huffman moved to approve the modified agenda. Director Pringle seconded the motion and it carried unanimously.**

**Consent Agenda:** **Director McKenzie moved to approve the agenda. Vice President Huffman seconded the motion and it carried unanimously.**

Items on the consent agenda were:

1. KID O&M Vouchers

**Accounts Payable**

Numbers:	59233 through 59267	\$	86,339.79
	59268 through 59291		23,410.23
<b>Total Accounts Payable</b>			109,750.02

**Payroll**

Numbers:	31390 through 31398	\$	5,923.05
	31399 through 31401		4,742.42
	31402 through 31402		522.42
	31403 through 31403		399.46
	31404 through 31404		721.50
Direct Deposit			63,255.30
<b>Total Payroll</b>			75,564.15

**Total Disbursements** \$ 185,314.17

**Voided Checks:** None

2. Minutes, Operations and Engineering Committee Meeting, January 13, 2010
3. Minutes, Finance Committee Meeting, January 14, 2010
4. Minutes, KID Board Meeting, February 16, 2010
5. Minutes, KID Board Special Meeting, February 19, 2010

**Realty:**

1. **Antinori Road County Road Improvement District (CRID):** Ms. Rupert noted that Jim Holmes was present to answer questions. Ms. Rupert presented details of Red Mt AVA's petition to extend Antinori Road and their request that KID participate in the CRID. Discussion ensued regarding KID acreage proposed to be included and estimated cost. Jim Holmes noted that KID and the Department of Natural Resources (DNR) are the largest land owners and that KID support would encourage DNR participation. Discussion ensued regarding which properties are not participating. Ms. Rupert discussed the potential benefit to the AVA and KID properties of creating a road that loops. Discussion continued regarding feasibility of the CRID without participation of KID and DNR, and precedence for KID participation in this sort of petition. Mr. Iller clarified the distinction between the Red Mountain LID and the proposed CRID and noted that the KID lands in the proposed CRID would be burdened by the costs of that CRID. Ms. Rupert said costs would be built into prospective leases of the property. Mr. Jaksch recommended payment from reserves until leases are in place to cover the CRID assessments. Discussion continued regarding the advisability of KID remaining neutral. Emergency vehicle access on the existing private dirt road was discussed. Whether the County might eventually contribute to the project was also discussed. **President Jaksch tabled the issue and referred it to the Realty Committee.** President Jaksch asked Mr. Holmes to keep Ms. Rupert apprised of developments regarding the petition.

**Scheduled Visitors: 2008-2009 Audit Exit Conference:** Tim Anderson and Lisa Roundy of the Washington State Auditor's Office distributed the exit conference document to the Board (copy on file) for the audit of accountability for public resources and compliance with laws and regulations for the period from January 1, 2008 through December 31, 2009 and the review of financial statements for the period from January 1, 2008 through December 31, 2008.

Mr. Anderson discussed the scope of the accountability audit which included Local Improvement Districts, cash receipting, assessment calculations, conflict of interest, follow-up on credit card expense documentation, and hotline referrals including consolidated parcel policy, open public meetings, and severance pay. He said that the audit found no concerns regarding these issues. He said that the fraud follow up of the District's report of an investigation of improper use of District equipment found no concerns.

Mr. Anderson said KID's financial statements were audited in accordance with government auditing standards and that the financial statements were complete, presented fairly in all material respects and that no material errors were found. Internal controls were reviewed for errors or concerns that could lead to errors.

Mr. Anderson stated that will be no findings on the Accountability Report. He said the Financial Statements Report will give the Auditors' unqualified opinion and will have no findings on internal controls over financial reporting or non-compliance.

He reported that there were significant difficulties were encountered or disagreements with management during the audit. No material misstatements by management were corrected and there were no uncorrected misstatements during the audit. There are no audit recommendation for fiscal years 2008 and 2009. All prior year audit recommendations have been resolved.

Mr. Anderson told the Board there was no finding regarding misuse of public property because the District responded immediately, contacted the State Auditor's Office and took appropriate steps to deal with the issue.

**Unscheduled Visitors:** None

**Presentations:**

**2. Aquatic Vegetation Program:** Mr. Pearce presented information on the District's Integrated Vegetation Management Program (IVMP) which was established in 2007. A copy of the presentation material is on file. Mr. Pearce discussed the history of KID's vegetation management challenges that led to the establishment of the IVMP and the benefits of this program. He discussed the future of the program including testing Endothall, which is a safer chemical than those previously used by the KID for control of aquatic weeds. He said KID is in the process of ending use of Acrolein due to safety concerns and increased costs. He displayed a chart of 2009 Chemical Use.

Following the presentation, Mr. Pearce responded to questions from the Board regarding Endothall and KID's successful experimental use of barley straw to control algae.

**3. 2009-2010 Capital Improvement Projects:** Mr. Higley displayed an updated 2009 - 2010 Capital Improvement Project list and reviewed the status of the projects.

**New Business:**

**4. Approve for Board Retreat:** Mr. Freeman presented the draft agenda for the Board Retreat which includes discussion of the Board's priorities for the District, review of the Canal Rehabilitation Program to produce a document that clarifies the Board's intent, review of the bylaws, consideration of changing the Planning Committee format, discussion of the role of Realty and the reserves and establishment of a policy for drought priorities.

**5. District Manager's Report:** Mr. Freeman introduced incoming Operations Manager Greg Harting who will begin on March 15th. Mr. Harting plans to attend the Board retreat on March 6<sup>th</sup> and the tour of the Chandler pumps on March 5<sup>th</sup>. Mr. Freeman reported that KID was informed last Friday that the Chandler pumps need to be rebuilt as is necessary every seven years. He said that recruitment efforts continue for an Engineering Manager. A Maintenance Patrol/Pumps position has been posted internally and openings for seasonal temporary Maintenance Laborers will be advertized.

President Jaksch requested that staffing needs be added to the March 6<sup>th</sup> Retreat agenda.

At 10:14 a.m., President Jaksch called a break.

At 10:25 a.m. the Board met in executive session for one hour to discuss with legal counsel risk of possible legal action regarding acquisition of a water right and to discuss with legal counsel the risk of a proposed action regarding the funding letter. At 11:25 a.m. executive session was extended for up to 30 minutes.

The meeting returned to open session at 11:32 a.m.

**6. Approve Letter to Derek Sandison – Funding: Director Huffman moved to approve the letter to Derek Sandison, Department of Ecology, with respects to using Ecology**

funds for Red Mountain. Director Pringle seconded the motion and it carried unanimously.

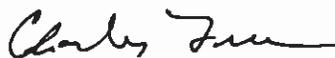
Director Pringle moved to adjourn the meeting at 11:33 a.m. Director McKenzie seconded the motion and it carried unanimously.

Attest:

Witness:



John Jaksch, Board President



Charles Freeman, Secretary/Manager

Prepared by Doris Fiske, Executive Assistant