



Minutes

Special Meeting of the KID Board of Directors
for Auction of KID Lands in Red Mountain
Saturday, November 23, 2013, 2:00 p.m.

Special Location:

Musser Bros. Auction Center
3035 Rickenbacker Drive
Pasco, WA 99301

President Huffman called the meeting to order at 2:02 p.m. and Mr. Freeman called roll.

Directors Present:

Gene Huffman, President
Patrick McGuire, Vice President
David McKenzie, Director
Kirk Rathbun, Director
Penny Hermanson, Director

Staff Present:

Chuck Freeman, District Manager
Colleen Storms, District Treasurer
Seth Defoe, Planning Manager
Jason McShane, Engineering/Operations Manager
Lynda Rosenbaum, Administrative Assistant
Judy Smith, Real Property Manager
Doris Rakowski, Executive Assistant

Other Persons Present:

Fran Forgette, Legal Counsel
Brian Iller, Legal Counsel
Scott Musser, Musser Bros.
Harold Musser, Musser Bros
Musser Bros. Staff
Chicago Title Staff
Bidders, as registered by Musser Bros.
Members of the public

DISTRICT BUSINESS: Auction of Red Mountain Lands by Musser Brothers Auction on behalf of Kennewick Irrigation District (KID): Following a brief welcome message, Harold Musser read the auction procedures, terms and disclaimers.

Scott Musser indicated the location in the room where due diligence materials such as title reports were located. He briefly discussed the Busacca Report. He said the bidder packet contained a Letter of Understanding between the KID and Department of Natural Resources regarding intent to mutually grant easements which would provide access from Hwy 224 to parcels 15 through 18. In response to a question asked before the meeting, Mr. Musser said that the LID irrigation water would be metered.

Scott Musser introduced his staff and noted that the Chicago Title team would facilitate paperwork. He described the auction offering and commented on the openness of determining market price via the auction process.

Before starting the real estate auction, to demonstrate the auction process, Scott Musser auctioned two quilts made by patients at St Jude's Children's Hospital, with proceeds going to St Jude's Children's Hospital.

Scott Musser discussed the power parcel method. He said bids would be taken on individual parcels first, then on parcels in combination or singly at the bidder's choice. He said each parcel would be sold at the high bidder's choice on each of parcels 1 through 31, in combination or singly.

Scott Musser began the auction bidding at 2:30 p.m. At 2:47 p.m., the first round of bidding completed and the high bid on each parcel individually was posted and the power parcel bidding on combinations began.

At 3:34 p.m., in response to a question from the floor, Mr. Freeman said KID assessments would begin in 2015. Bidding continued.

EXECUTIVE SESSION: At 5:23 p.m., Mr. Iller announced on behalf of the presiding officer that the KID Board would go into executive sessions for five minutes to consider the minimum price at which real estate will be offered for sale pursuant to RCW 42.30.110(1)(c).

OPEN SESSION: At 5:33 p.m., the Board returned to open session.

Vice President McGuire moved to accept the highest bid or group of bids as they exist at the end of this auction. Director Hermanson seconded the motion and it carried unanimously.

Bidding was reopened at 5:36 p.m.

At 7:17 p.m. bidding closed and parcels 1 through 31 sold for \$8,300,000 to a single bidder.

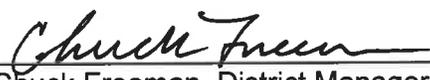
Director McKenzie moved to accept the final bid and authorize President Huffman and Secretary Manager Freeman to sign on behalf of the KID. Director Rathbun seconded the motion and it carried unanimously.

Vice President McGuire moved to adjourn the meeting at 7:20 p.m. Director McKenzie seconded the motion and it carried unanimously.

Attest:

Witness:


Gene Huffman, Board President
Approved December 3, 2013


Chuck Freeman, District Manager

Prepared by Doris Rakowski