



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, March 7, 2017, 9:00 a.m.

President Huffman called the meeting to order at 9:00 a.m. and Mr. Freeman called roll.

Directors Present:

Gene Huffman, President
 Dean Dennis, Vice President
 David McKenzie
 Kirk Rathbun
 Patrick McGuire

Staff Present:

Chuck Freeman, District Manager
 Kipp Drummond, District Treasurer
 Jason McShane, Engineering/Operations Manager
 Seth Defoe, Land & Water Resources Manager
 Perla Glead, Accounting Technician
 Lynda Rosenbaum, Real Property Manager
 Lori Gibson, Executive Assistant
 Doris Rakowski, Executive Assistant

Other Persons Present:

Brian Iller, KID Legal Counsel
 Tom Knutson, Water Management Solutions

APPROVAL OF AGENDA: Director Rathbun moved to approve the agenda. Director McKenzie seconded the motion. The motion carried unanimously.

CONSENT AGENDA: Director McKenzie moved to approve the consent agenda. Vice President Dennis seconded the motion. The motion carried unanimously.

On the consent agenda were:

1. Travel Request for ESRI User Conference
2. Water On Request Letter to USBR
3. Vouchers/Warrant Approval

Accounts Payable

Numbers: 74386	through	74444		\$ 221,064.77	
		APPKT00383	through	APPKT00383	79,910.06
		APPKT00385	through	APPKT00385	2,484.80
Total Accounts Payable					303,459.63

Payroll

Numbers: 33554	through	33560		\$ 3,614.08	
		33561	through	33561	\$ 5,537.27
Direct Deposit		2017-02-06		120,765.13	
Total Payroll					129,916.48
Total Disbursements					\$ 433,376.11

Voided Checks:

PR Check #33554 voided due to direct deposit error. Employee was re-issued via direct deposit.

PUBLIC COMMENTS: None

PRESENTATIONS:

Tom Knutson, Water Management Solutions: Mr. Knutson addressed the Board regarding his background and experience with the process of title transfer from the U.S. Bureau of Reclamation (USBR). He said the process took eight years and he spoke about the properties acquired from the USBR.

In response to a question from Director McGuire, Mr. Knutson explained that since the politics and rules changed during the Clinton administration, completion of repayment of the USBR loan did not mean the properties belonged to a district. Mr. Knutson noted that opposition from within the USBR was one reason the process took so long.

Mr. Knutson said that controlling costs was a benefit of title transfer. He spoke about the importance of developing relationships with people that could in the process.

Mr. Knutson said that increased liability was not too much of an issue, because liability already fell primarily on districts. In response to a question from Vice President Dennis, Mr. Knutson spoke about levels of coverage and cost of insurance when additional facilities were acquired. Discussion ensued regarding condition of facilities at acquisition from the USBR.

At Mr. Iller's request, Mr. Knutson spoke about benefits environmental groups receive for providing grant monies.

Mr. Knutson confirmed that water rights transfer was an important part of the process. He said the Department of Natural Resources was able to issue water rights or remove them for disuse and, for his district (Loup Basin Reclamation District), Nebraska Game and Parks was another interested agency. Mr. Knutson spoke about resistance from other agencies. Mr. Knutson said he thought there was more national support for recreation than for agriculture at this time.

In response to a question from Vice President Dennis, Mr. Freeman spoke about investigation of scope of facilities being considered for transfer. Discussion ensued regarding differences between the KID and Mr. Knutson's district.

At Director McKenzie's request, Mr. Knutson spoke about his district's improved relationship with the USBR since the transfer. He confirmed to Mr. Freeman that the USBR was no longer involved in project review for his agency.

Mr. Knutson confirmed to Mr. Freeman that his agency still qualified for WaterSMART and other grants. He reiterated the importance of maintaining positive relationships.

In response to a question from Director McGuire, Mr. Knutson spoke about research of historical agreements. He said KID staff and its attorney would be the best resource for researching existing agreements. Mr. Knutson spoke about the importance of correcting potential misconceptions about the district's intentions relative to transferred works.

Mr. Knutson agreed with Mr. Drummond's summation that increased insurance costs were more than offset by other savings, such as for engineering and studies. Discussion ensued regarding staffing differences between Mr. Knutson's agency and the KID. Mr. Knutson noted that, in his experience, contracted engineering was less expensive than USBR engineering had been.

Hypothetical projects and district liability were discussed. Mr. Freeman spoke about relationships with other agencies and changes over time due to staffing and politics.

Mr. Freeman noted that the KID's original USBR loan would be paid off in 2022, but said he was surprised to learn that the transferred works would not be owned by KID upon completion of pay off. He said the Board should consider whether it wanted to be prepared to renegotiate its contract with the USBR in 2022.

In response to a question from President Huffman, Mr. Freeman said legal risks of a proposed action relative to timing and strategy should be discussed in executive session.

At 9:57 a.m., President Huffman called a short break.
At 10:01 a.m., the meeting resumed in open session.

Financial Reports for January 2017: Mr. Drummond presented highlights of report pages including:

- Balance Sheet as of January 31, 2017 - Draft. Mr. Drummond confirmed to the Board that the months compared were December 2016 and January 2017. Mr. Drummond said a revised report would be provided to the Board.
- Statement of Revenues & Expenditures - Budget to Actual
- Statement of Revenues & Expenditures - Comparative
- Grant & Matching Funds Schedule
- Fund Balance Change through January 31, 2017. Mr. Freeman noted that the "New Water Infrastructure and Supply Fund" needed to be added to future reports.

The pending completion of the Elliot Lake Potable system was briefly discussed.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS: None

RESOLUTIONS: None

STAFF REPORTS

Finance Manager: Mr. Drummond recognized Perla Gleed for her diligent work on assessment billing and said the billing would go out tomorrow, weeks earlier than in recent years. He spoke about process improvements for better accuracy and timeliness. Mr. Drummond referred to a spreadsheet distributed at the meeting titled "KID Billing Timeline."

Mr. Drummond said Chris Sittman, Ben Woodard and others in Engineering had been helpful with preparation of assessment billings.

In response to a question from President Huffman, discussion ensued regarding volume of ownership changes.

Mr. Drummond also reported regarding pending foreclosures. He referred to a spreadsheet titled "Foreclosure Comparison" distributed at the meeting and described the District's efforts to avoid the need to foreclose.

Mr. Drummond confirmed some people with delinquent accounts might be eligible for Helping Hands assistance. He agreed to report on the Helping Hands program at a future meeting.

In response to a question from Director McGuire, Mr. Drummond said he would explore improving investments options in light of an expected federal interest rate increase.

Director McGuire moved to accept the financial reports as presented. Director McKenzie seconded the motion. The motion carried unanimously.

Engineering/Operations Manager: Mr. McShane reported regarding:

- Lining, concrete and earthwork
- Application of pre-emergent vegetation control chemicals
- Anchor trenching preparatory to HPDE lining on Badger East Canal
- Sikaflex sealing on concrete lined canals
- New Zealand irrigation tour. A report would be provided at a future meeting. Mr. McShane said a continuous artificial water recharge project and dealing with nitrates were topics of interest.

In response to a question from Vice President Dennis, Mr. McShane spoke about staffing levels.

Land & Water Resources Manager: Mr. Defoe reported that, yesterday at the River Operations meeting, the USBR released a proratable estimate of 96% supply. He displayed graphs presented at the meeting and spoke about precipitation and snow water equivalent data. He also spoke about reservoir inflows, outflows and storage volume, and flow volume at Parker. He reviewed the Runoff Forecast to Reservoir Space Available, and spoke about Lake Kachess and Bumping Lake. He presented the Total Water Supply Available (TWSA) prediction.

Calculation of Title XII target flows based on TWSA was discussed. Mr. Iller offered to address legal questions regarding this in executive session.

Mr. Defoe displayed the USDA SNOTEL and NOAA Storm Total Snow graphs and spoke about snow pack.

Mr. Defoe also reported regarding upcoming meetings.

District Manager: Mr. Freeman reported regarding:

- Interactive Voice Recognition system. Directors were encouraged to provide feedback about their experiences using it.
- USBR Auditors were on site reviewing the 2013 WaterSMART Grant.
- Water Off meeting on Thursday. KID's insurer was paying half of the cost in return for allowing ten people from other insured entities attend.

WORKSHOP: None

EXECUTIVE SESSION: At 10:55 a.m., Mr. Iller announced on behalf of the presiding officer that the Board would go into executive session for an estimated 45 minutes, following a short break, to consider the minimum price at which real estate will be offered for sale or lease, pursuant to RCW 42.30.110(1)(c) and to discuss potential litigation, in the form of litigation or legal risks of a proposed action or current practice pursuant to RCW 42.30.110(1)(i)(iii). Mr. Iller said that action could follow in open session but was not expected.

At 11:45 a.m., executive session was extended for 30 minutes.

At 12:15 p.m., executive session was extended for 5 minutes.

OPEN SESSION: The meeting returned to open session at 12:22 p.m.

Vice President Dennis moved to adjourn the meeting. Director Rathbun seconded the motion. The motion carried unanimously.

Attest:

Witness:



Gene Huffman, Board President
Approved March 21, 2017



Chuck Freeman, District Manager

Prepared by Doris Rakowski