

SPOKANE CONSERVATION DISTRICT
 210 N. Havana, Spokane, WA 99202
BOARD MEETING MINUTES
 Tuesday, July 14, 2015

PRESENT

Supervisors: Jerry Scheele, Randy James, Wendy Knopp, Tom Miller, Jaki Shrauger (after treasurer's report)

Absent:

Associate Supervisors: Dixie Riddle

SCD Staff: Vicki Carter, Erica Johnson, Cori Turntine, Ty Meyer, Barry Tee, Rick Noll, Pat Munts, Garth Davis, Eric Choker,

Guests: Steve Sprecher, NRCS; Alec Simpson, NRCS; Chad Greif, BIAS.

Chair Scheele called the meeting to order at 12:12pm.

Approval of Agenda

Chair Scheele presented the agenda for approval. Vicki Carter noted that we may not have a financial review from Chad Greif, but we will have an in-depth review next month.

Motion James/Miller to accept the agenda with changes noted. Motion carried.

Previous Meeting Minutes

Minutes from the June 9, 2015 board meeting had previously been distributed for review. Tom Miller requested a paragraph be removed.

Motion Miller/James to accept the June 9, 2015 Meeting Minutes with the revision. Motion carried.

TREASURER'S REPORT

Acting Auditor Randy James, presented the Treasurer's Report for June, 2015.

ACCOUNT	BEG. BALANCE	DEPOSITS	WITHDRAWALS	END BALANCE	OUTSTANDING BALANCE	ADJ. BALANCE
NW Pipeline Savings Acct	66,224.32	0	0	66,224.32	0	66,224.32
PayPal Merchant Acct	0	357.61	357.61	0	0	0
PayPal Transfer Acct	410.10	357.61	128.21	639.50	-289.50	350
Bank of Fairfield Checking	732,515.95	266,713.98	636,706.95	362,522.98	57,235.34	419,758.32
Bank of Fairfield MMA	567,320.38	300,223.19	0	867,543.57	0	867,543.57
LGIP	2,353,438.12	326.61	0	2,353,764.73	0	2,353,764.73

Prior to the meeting, acting auditor Randy James reviewed the bank statements for June to verify the balances on all accounts. James noted a discrepancy between the bank statements and the treasurer's report in BIAS, perhaps one check was not receipted. Also, the cancelled checks were not available to verify signatures. The accounts payable provided was missing the \$60,000 placeholder for salaries; the amount for the motion will be the printed amount of \$20,634.45 plus \$60,000: \$80,634.45. Carter did not yet sweep Checking to LGIP, but will do so soon to keep it at \$750,000. **Treasurer's Report: Claims: 43230-43299, 43306-43308, 43312; Receipts: 11555-11635, 11640-11642; EFTs: 1210-1211, 1250-1262, 1339-1340, 1362-1363, 1394-1411, 1419-1421, 1440-1443; VOID: 43300-43301; Refunds: 43289. Accounts Payable: \$80,634.45.**

Motion Miller/Knopp to approve the June TREASURER'S REPORT and July Accounts Payable as presented.

Motion carried.

NEW BUSINESS / LINKAGE TO COMMUNITY

Public Comments/Introductions

Chair Scheele introduced Steve Sprecher and Alec Simpson from NRCS.

Board Position Elections

Elections will not be held without the full board but Carter advised the board members to start thinking about positions.

GOVERNANCE CULTURE

Director's Discussion

Carter described the successful NACD tour held yesterday. She thanked our staff and Palouse Rock Lake CD for their work and presented the award we received from NACD for hosting the national tour. Some people said it was their best tour they had been on.

Our annual plan and long range plan will be presented next month. There are a few things that we are looking for board input on. Vets on the Farm is going extremely well. The special tractor has been to all the local town parades and the farm bureau meeting. Upcoming events are the Deer Park parade on July 25 and a few more in August. Cathy McMorris-Rodgers opened the soil health events on Sunday and spoke about Vets on the Farm. People from other districts are asking how they can bring the program home. Jeremy Peters has asked us to present at the NACD Annual meeting in Reno the first week in February. Carter has met with several vets every week and trying to find internships that fit.

Department Reports

Scheele discussed the pH at the Emtman property with Eric Choker. It came in at 8 and will be retested. Rick Noll distributed a Hangman Creek Groundwater update. It shows that our aquifer is dropping over time and not making full recovery year after year. Carter noted that we completed an irrigation efficiency project at Freeman school and Noll believes that this should help but may not impact the overall data because they irrigate other play fields and school grounds by hand. The water resources RCPP has been submitted and may be called in for a full proposal. Cori Turntine will be bringing different quarterly reports to the next board meeting as inspired by other districts at WADE; the board will select which new reports to continue receiving. Garth Davis reported that Ben Peterson is completing 2-3 Firewise Assessments a day. Davis is helping King CD to develop an urban forestry program. Pat Munts reported that Agribilty is officially on-board for the small farms conference on November 13. Erica Johnson has been working on Tree School, an educational event on August 15 as well as the small farms conference. Board members should tell Johnson if they would like to attend.

BOARD/CEO RELATIONSHIP

Financial Discussion

Greif gave the highlights from loan program and the book to cash balance. There are a couple loans in progress which is positive. Our budgeted expenses and revenues are on target in the SRF fund. There was a \$92,000 increase in fund balance in SRF. The general fund received assessment dollars in May and June, and we are at 58% for expected revenues and 50% for expected expenditures – perfect for half way through the year! Interest revenues from accounts like LGIP are starting to pick up. In the August meeting we will see our payments from quarterly vouchering. Greif will do a profit analysis of our SRF program to present in August.

OPERATIONAL EXPECTATIONS

SRF Program Update

Ty Meyer explained to the board that when our loan applicants go to their bank to get a primary lender letter, the lender often matches or beats our loan offer. Meyer requests permission to skip this step with current customers that have a payment history of one year or greater. Then, he would have the flexibility to complete new loans to existing customers without getting a primary lender letter. Miller and Wendy Knopp believe that we would still need something in the way of due diligence like financial statements or a credit check to replace the letter, if it is removed. We are the primary lender for about half of our customers now. Miller suggested a brief, signed profit-loss statement would be sufficient. Carter will bring the formal policy to the next board meeting.

Motion Miller/James to grant the district authority to engage in loan transactions with existing customers without a letter from any other lender so long as we do due diligence and obtain financial statements. Motion carried.

Meyer is working through an interest rate issue with the Department of Ecology (DOE) to make our rates more competitive with market rates. He is considering changing our contract terms from 20 years to 5 years in order to reduce our costs in interest; however, the repayment increase would be substantial. Knopp suggested that we simply make extra principle payments to decrease our interest charges. Meyer noted that we do not have early pay off penalties that he knows of and we could do that. At this point, Meyer thinks we should try to get into a better program this fall. Greif described the advantages of using loans carefully rather than focusing on paying them off. He also noted that we are in really good interest rates now that we will not see for a long time, so getting into 20 year loans with DOE now is very beneficial.

The CRP program has a 15 year limit on extending the contract. This took some producers by surprise and they won't be reapplying until December, so they will have to farm a year. This will present more opportunities for our drill.

NRCS Update

Steve Sprecher told the board and staff that EQIP sign up cut off is Friday (six months earlier than usual). Let producers know. However, this deadline will probably be extended. The EQUIP program preferences Veterans.

OSS Program Update

Barry Tee notified the board that \$554 in 4 loans are more than 30 days past due. Every time we voucher this loan we voucher an additional 10% for the loan loss reserve. There are 40 projects set to be completed this year.

CLOSING OF MEETING

Correspondence and Announcements

Carter presented the Cost Share Resolution for the fiscal year 2015 to be approved.

Motion James/Shrauger to approve the cost share agreement up to 100%. Motion carried.

Carter presented the MOU with the Washington Conservation Society for \$150.

Motion James/Shrauger to approve the Washington Conservation Society MOU and \$150 fee. Motion carried.

Carter announced that Dave Vogel of the WACD sent a "supervisor needs assessment" form to be

completed by August 31. Carter took a head count for the Rhizoterra field day. We received news from the DOE that the Morning Star Boys Ranch is going to have to pay in full for the best management practices that we installed; the total is at least \$40,000. This is due to a property ownership issue between their two boards. They may need to secure a loan to pay for this, but it can't be a DOE based loan. We received our WACD dues notice and the WACD annual meeting will be in Spokane this December. When to pay the dues will be discussed at the board planning session in August.

Miller asked about the federal audit issue. Carter relayed that our letter is now with Diana Windsor at the State Auditor's Office. She asked some questions about our loan contracts; we are formulating our response. Greif takes this as a good sign because they are open to reviewing the issue rather than keeping a hard line. Carter forwarded the letter from Diana Windsor to the board.

Miller is looking into attending a water law conference at the end of the month. He will give a report at the annual planning session.

Dates:

- July 22: Rhizoterra Field Day at Fred Flemming's Farm in Reardan
- July 25: Deer Park Parade, Vets on the Farm
- August 11: SCD Board Planning Session, all day including public officer's training
- August 11: SCD Board Meeting at *noon*
- August 15: Tree School
- October 20: WACD Area meeting in Stevens County
- November 13: INW Small Farms Conference and Country Living Fair, part of Tilth Conference, November 13-15.

READING OF THE MOTIONS

Motion James/Miller to accept the agenda with changes noted. Motion carried.

Motion Miller/James to accept the June 9, 2015 Meeting Minutes with the revision. Motion carried.

Motion Miller/Knopp to approve the June TREASURER'S REPORT and July Accounts Payable as presented. Motion carried.

Motion Miller/James to grant the district authority to engage in loan transactions with existing customers without a letter from any other lender so long as we do due diligence and obtain financial statements. Motion carried.

Motion James/Shrauger to approve the cost share agreement up to 100%. Motion carried.

Motion James/Shrauger to approve the Washington Conservation Society MOU and \$150 fee. Motion carried.

Meeting adjourned at 1:35pm. Respectfully submitted by: Erica Johnson

Jerry Scheele, Board Chair

Randy James, Vice Chair