

SPOKANE CONSERVATION DISTRICT
 210 N. Havana, Spokane, WA 99202
BOARD MEETING MINUTES
 Tuesday, December 13, 2016

Attendees

Supervisors: Jerry Scheele, Jaki Shrauger Tom Miller, Wendy Knopp

Absent: Randy James

Associate Supervisors:

SCD Staff: Vicki Carter, Cori Turntine, Josie Bjordahl, Garth Davis, Ty Meyer, Dan Ross, Shannon Bauman

Guests: Chad Greif, BIAS; Mike Baden, WSCC Regional Manager; Brian Werst, K&L Gates Attorney; Rich Edelen, NRCS

Chair Scheele called the meeting to order at 5:07pm and led the pledge of allegiance.

Approval of Agenda

Chair Scheele presented the agenda for approval and highlighted that there will be an executive session in accordance with RCW 42.30.110. Tom Miller noted that the NACD meeting location should read Denver, not Reno.

Motion Shrauger/Knopp to accept the agenda with the following additions: Add Mike Baden's Commission Report, move executive session break to 6pm, PNDSA Kennewick meeting is scheduled for 1/10-1/11/17 and update the location of the NACD annual conference to Denver, CO. Motion carried.

Previous Meeting Minutes

Minutes from the November 8, 2106 board meeting had previously been distributed for review. No additions or corrections were noted.

Motion Knopp/Shrauger to approve the November 8, 2016 Meeting Minutes. Motion carried.

TREASURER'S REPORT

ACCOUNT	BEG. BALANCE	DEPOSITS	WITHDRAWALS	END BALANCE	OUTSTANDING BALANCE	ADJ. BALANCE
PayPal Merchant Acct	4797.20	3434.26	8,073.14	158.32	-158.32	0
PayPal Transfer Acct	350.00	8,180.79	8,180.79	350.00	0	350
Checking Inland NW Bank	-3,3345.17	785,473.52	402,156.20	349,972.15	- 3,038.20, 101,600.56	438,534.51
MMA Inland NW Bank	633,743.73	77.92	0	633,821.65	0	633,821.65
LGIP	3,018,150.8	1,159.03	0	3,019,309.86	0	3,019,309.86

Auditor Jaki Shrauger presented the November Treasurer's Report and summarized her verification of both the October and November account balances and cancelled checks.

October Treasurer's Report: Receipts: 13592-13600, 13614-13831, 13833-13834; **Claims:** 44480, 44483-44547, 44551-44581; **EFT:** 2627, 2720, 2724-2725, 2728-2741, 2816, 2855, 2896, 2899-2902, 2929-2941, 2961, 2978-2980, 2989, 3000, 3031; **Voids:** Ch# 44533 - Wrong Vendor; Ch#44548-44550 - Printer Error; Ch# 44553 - Duplicate payment; Ch# 44563 - Entry Error; Ch#44599 - Printer Error; Trans# 2926-2927 Deposit and Withdrawal (online transfer from account 102 to 101) processing error; Stop Payment: Ch# 43282 - Duplicate payment; Ch# 1-3 - Adjustments to SRF loan module, not actual checks; Ch# 44386 - Recipient lost check, reissued. **Paypal Refunds:** 13662 - Fall Tree Sale Refund; 13690, 13698, 13712 and 13806 - Farm and Food Expo Registration Refunds; 13793 - Manure Spreader Deposit Refund.

November Treasurer's Report: Receipts: 13832, 13835-13944, 13947-13951, 13953-13960; **Claims:** 44582-44664, 44667-44674; **EFT:** 3380, 3001, 3089-3102, 3145, 3148, 3219, 3264, 3267, 3269-3282, 3287-3292, 3376-3377; **Voids:** Ch# 44582 - Need to add second vendor to SRF loan check; Ch# 44646 and 44664 - Printer Errors; Trans# 3219, 3273 and 3278 - Payroll entry errors; Tr# 13926 - Duplicate Entry. Stop Payment: Ch# 43744 - SRF loan check returned from recipient **Daypal Refunds:** 13916, 13939 and 13961 - Farm and Food Expo Registration Refund

The adjusted ending balance on the 11/2016 Treasurer's report varies from the INB checking account statement due to an outstanding stop payment that needs to be reconciled, trans#3140 - \$3038.20.

Motion Miller/Knopp to approve the October and November Treasurer's Report and the December Accounts Payable as presented. Motion carried.

NEW BUSINESS / LINKAGE TO COMMUNITY

Public Comments/Introductions

Gonzaga Fall Intern, Shannon Bauman introduced herself and noted that she is attending to observe tonight's board meeting.

Chair Scheele announced that Miller has been elected as our new WACD Board President.

Miller presented Knopp with the Young Tiger award from the 2016 Annual WACD Conference.

Mike Baden discussed the upcoming election season and noted that there have been several questions regarding the procedures. However, SCD is in good shape and has already passed the required resolution. There's also been a lot of discussion about the budget. The governor's budget should be sent out within the next several days. Baden has been encouraging districts to continue reaching out to legislators and cooperators to continue generating support for conservation districts. The SCD Fire Recovery project has been approved by WSCC. WSCC has allocated just under half of the total Fire Recovery funds. Therefore, WSCC is in good shape for funding these projects and can make adjustments if necessary. Non-shellfish grants must be spent by 6/30/17. WSCC anticipates additional non-shellfish funds coming available. He recommended that we make sure any potential projects are in CPDS so they will be available for consideration with this additional funding. The Good Governance process is under revision. The revisions are out for review and comment. WSCC recently issued a prevailing wage District Operations brief. WSCC has also been working with John Carpita to update the MRCS bid guide for conservation districts.

GOVERNANCE CULTURE

2017 Election Date Announcement

Chair Scheele announced that at last month's meeting the board adopted Election Resolution #EL17.11.8 to hold an election March 14, 2017.

2017 Proposed Meeting Schedule

Vicki Carter outlined the proposed 2017 board meeting schedule and noted a couple potential conflicts to our normally scheduled dates. The proposed February board meeting changed to 2/21/17 and the proposed June board meeting changed to 6/20/17.

Motion Knopp/Shrauger to approve the proposed 2017 meeting schedule with changes to the February and June meeting dates to 2/21/17 and 6/20/17. Motion carried.

WACD Meeting Recap

Miller reported the highlights from the WACD meeting.

SRF Update

Ty Meyer has been working with our legal counsel on a couple loans that are in default. We are in a period of no communication with both loans. We are sending a certified letter tomorrow asking for payment within 14 days for one of the loans. Meyer suspects there is a decent chance the letter will create some action on the borrower's end. We have another loan that will probably go bad in the next month. We've been working with this producer

and have tried a number of different tactics to help the borrower. However, these actions have not helped. Meyer suspects we will see a number of loans being restructured in the coming year, including interest only payments for the coming year. Meyer also reported that there are a number of new loan applications that have come in and will be initiated before the end of the year.

Discussion continued from last month regarding the Rhizoterra Loan. Earlier today, Eric Choker worked with Dr. Clapperton and her equipment that she desires to use as collateral in the restructured loan; Choker will describe this in his January report to the board and give further explanation at the January meeting.

Recess for executive session at 6:10, will reconvene at 6:40pm.

Executive Session

The SCD Board Meeting recessed for an executive session in accordance with RCW 42.30.110 to discuss a real estate matter at 6:55pm.

Motion Miller/Shrauger to authorize Carter to work with staff and consultant to develop and propose a purchase and sale agreement for the purchase of land with final approval of sale to come back to board.
Motion carried.

Discussion of Rhizoterra loaned picked back up. Board expressed concerns about IP rights and limitations of the equipment we would receive if it did not come with a certain amount of software and/or training. Carter also recommended requesting \$10,000 payment on current balance of the loan. It was also noted that any legal bills associated with restructuring of loan and determining whether Clapperton has the authority to share IP rights with SCD should be the obligation of the borrower and added to the principal of the new loan.

Motion Miller/Knopp to authorize staff to work with legal counsel to consider restructuring the existing loan agreement with Rhizoterra. Motion carried.

Board/CEO Relationship

SAO Report

Carter noted the SAO audit has wrapped up with another clean report. She reported there will be an exit interview on 12/19 at 11:00am and there will be two exit recommendations provided covering prevailing wage requirements and our credit card policy.

Travel/CC Policy Update

Carter summarized the auditor's exit recommendations regarding our credit card and travel policy and noted that there are certain items required to be in the policy per RCW that aren't specifically identified in our current policy.

Financial Review

Chad Greif reviewed the fund position statements and SRF balance sheet with the board. Greif also recommended that VOTF activity be moved to its own fund by the end of the year.

The 2016 Farm and Food Expo was very successful in terms of revenue. SRF program appears to be operating well. Without drill income our SRF fund will not be operating with as much of a surplus as we've seen in the past. Chair Scheele asked Meyer whether he sees a trend towards producers wanting to apply for operating loans through SCD rather than their personal banker. Meyer noted that we haven't done any advertising on our operating loan program and he is hesitant to do so based on the nature of the economy with ag business at this point.

NRCS has removed the 345 tillage standard. This standard includes a soil rating of 20-80 with a payment of

\$43/acre. This change in the standard will have a detrimental impact on our RCPP program as it will remove about 75% of our applicants from being eligible for the program.

2017 Budget Approval

Carter presented the draft budget. She highlighted the big changes from the last draft budget.

Motion Shrauger/Knopp to approve the 2017 Budget as presented. Motion carried.

OPERATIONAL EXPECTATIONS

Correspondence & Announcements

Dates:

- WACD Meeting, Blaine, WA – November 28-November 30
- NACD in Denver – Meyer & Edelen to attend Jan. 28-31
- AgExpo 2/7-2/9

READING OF THE MOTIONS

Motion Shrauger/Knopp to accept the agenda with the following additions: Add Mike Baden's Commission Report, Executive Session break to 6pm, PNDSA Kennewick meeting is scheduled for 1/10-1/11/17. Motion carried.

Motion Knopp/Shrauger to approve the November 8, 2016 Meeting Minutes. Motion carried.

Motion Miller/Knopp to approve the October and November Treasurer's Report and the December Accounts Payable as presented. Motion carried.

Motion Knopp/Shrauger to approve the proposed 2017 meeting schedule with changes to the February and June meeting dates to 2/21/17 and 6/20/17. Motion carried.

Motion Miller/Shrauger to authorize Carter to work with staff and consultant to develop and propose a purchase and sale agreement for the purchase of land with final approval of sale to come back to board. Motion carried.

Motion Miller/Knopp to authorize staff to work with legal counsel to consider a novation of the existing loan agreement with Rhizoterra. Motion carried.

Motion Shrauger/Knopp to approve the 2017 Budget as presented. Motion carried.

Meeting adjourned at 8:05pm.

Respectfully submitted by: Cori Turntine

Jerry Scheele, Board Chair

Randy James, Vice Chair