

SPOKANE CONSERVATION DISTRICT
 210 N. Havana, Spokane, WA 99202
BOARD MEETING MINUTES
 Tuesday, February 10, 2015

PRESENT

Supervisors: Jerry Scheele, Jaki Shrauger, Tom Miller

Absent: Randy James, Mary Sullivan

Associate Supervisors:

SCD Staff: Vicki Carter, Erica Johnson, Ben Peterson, Cori Turntine, Ty Meyer, Charlie Peterson

Guests: Chad Greif, BIAS; Gary Schalla, Executive Director of INW Land Trust; Mike LaShaw, citizen and professional farmer.

Chair Scheele called the meeting to order at 5:05 pm.

Approval of Agenda

Chair Scheele presented the agenda for board approval.

Motion Miller/Shrauger to accept the agenda. Motion carried.

Previous Meeting Minutes

Minutes from the January 13, 2014 board meeting had previously been distributed for review.

Motion Shrauger/Miller to accept the January 13, 2014 Meeting Minutes. Motion carried.

TREASURER'S REPORT

Auditor Jaki Shrauger, presented the Treasurer's Report for January, 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	12,526.10	11,973.15	552.95	-48.22	504.73
Bank of Fairfield Checking	627,112.86	636,751.02	193,750.62	1,070,113.26	29,266.39	1,099,379.65
Bank of Fairfield MMA	301,795.93	74.42	0	301,870.35	0	301,870.35
LGIP	2,352,048.14	269.57	0	2,352,317.71	0	2,352,317.71

Prior to the meeting, Auditor Shrauger reviewed the bank statements for January to verify the balances on all accounts. She went through the checks to verify signatures and endorsements. Jaki noted for the record that check 42807 had an illegible endorsement on the back; this check was for our CPR training. **January Treasurer's Report: Receipts: 10990-11036, 11039-11099, 11101, 11104-11108, 11112; Claims: 42814-42885; EFTs: 2, 15, 48-60, 108-111, 129, 157-171, 203-205; Voids: none; Refunds: outstanding receipt in PayPal Account is a "hold" for chargeback dispute, now resolved and funds returned to us. February Accounts Payable: \$271,193.38.**

Motion Miller/Shrauger to approve the January TREASURER'S REPORT and February Accounts Payable as presented. Motion carried.

NEW BUSINESS / LINKAGE TO COMMUNITY

Public Comments/Introductions

Chair Scheele introduced Gary Schalla, the new Executive Director of INW Land Trust. He had previously worked in Okanogan area and enjoyed collaborating with the Okanogan CD and hopes to collaborate with us as well. He and Vicki Carter will be meeting in the near future to discuss mutual interest projects.

GOVERNANCE CULTURE

Department Report Review

Ty Meyer reported that loans are fairly slow right now and the idea of the Operating Loan Program is in progress. Shrauger asked if we are seeing runoff issues. Meyer relayed that direct seed fields in the Palouse show significantly less runoff with up to 10x more infiltration rates compared to conventional tillage. Meyer says they might even see some tractors running next week to the west of Spokane. Ben Peterson reported forestry concerns about early buds being set with this warm weather that could yet be damaged by frost; this would not create long term problems, but would slow the plants down for spring. Erica Johnson gave a tree sale update. Cori Turntine reported that the Audit Exit had a clean report.

NACD Report

Vicki Carter stated that most of the sessions were really beneficial. We might pursue some 319 Funding that doesn't have to go through DOE; other states are distributing this money from the EPA differently than we are in Washington. A presentation by a district from Oklahoma mirrored our situation, but their funding abilities allowed producers to choose practices to get something done, rather than nothing due to conditioned practices requirement of DOE money. The Summer NACD Tour is July 13 in Spokane. All hands will be on deck! Tom Miller reported that SCD was the best represented CD in the country. Carter, Walt Edelen, and Garth Davis ran a booth in the NACD Share Fair for Livestock & Land/OSS and Firewise; these programs were well received and staff talked to other district representatives non-stop during the Share Fair. Walt was acknowledged as a nominee for NACD Employee of the Year. Scheele noted that collaboration and partnerships was a reoccurring theme in all sessions. Next year the conference is in Reno, NV.

Election Update

Today is the filing deadline for our Supervisor Election. Wendy Knopp from Northwest Farm Credit Services turned in her petition and is our only applicant. Mary Sullivan is not seeking reelection but would like to stay on as an associate supervisor. The election polls will be open Tuesday, March 10 from 7:30am-4pm.

SRF Program Financial Overview

Meyer has a couple loans in progress. For the Operational Loan Program, Meyer has confirmed with USDA Risk Management that we can secure these loans with insurance payments. In addition, we can put a lien on the crops. When this program is finalized, we will update all of our MOUs. Discussion and review of previous meeting minutes was held regarding the prior approval of the program and whether or not it included a cap on loan amounts. Miller noted that gross negligence could result in a no crop, no insurance payout situation; in order to prevent this, a judgment call based on farming track record would be needed. Mike LaShaw provided some real examples of mistakes that would create that situation. Meyer detailed that we have one farmer trying to transition to direct seed that is being hindered by their bank and the bank's perception of risk in the transition, risk in the practices. Carter would like to create a formal list of reasons like this to show why SCD is offering this program and why it's not available in the private sector. LaShaw's experience with direct seed is that depending on soil type, direct seed can be very effective and low risk. Back when he started direct seeding, he used a true tax lease to purchase the equipment.

Meyer has an 800-900 acre leased land operation that is interested in an operating loan; the operator has farming experience and the operation is an LLC. Miller suggested that the operator be personally liable as well as the LLC.

Motion Miller/Shrauger to approve the operating loan program to fund on a case by case basis with concurrence from legal council until all MOUs can be updated and the program can be fully launched.

Motion carried.

Miller made a friendly amendment to include a condition that our drill and operator be used to plant the crop.

Motion Miller/Shrauger to approve, pending concurrence from legal council, the operating loan program to fund on a case by case basis, and further that the loan discussed include a condition that our drill and operator be used to plant the crop, until all MOUs can be updated and the program can be fully launched. Motion carried.

OSS Update

No update at this time other than interest in the program remains high; no construction at this time.

BOARD/CEO RELATIONSHIP

2013 SAO Audit Update

Tom Miller said the audit exit conference was amiable and we received a few recommendations, but overall a clean report.

2014 Financial Report Schedule 22

Carter and Turntine will be completing the Schedule 22 which now takes place of our internal audit. They need one or two board members to come in for this. Turntine will receive training from BIAS on how to do the financial report. The report will be brought to the March board meeting.

OPERATIONAL EXPECTATIONS

Financial Report and Analysis

Chad Greif noted again the large payoffs in January and their effect on our loans receivable. Loan repayments as well as getting the reimbursements from DOE have been a boost. The balance sheet shows .72% increase in gap from last month and 4.65% increase from this time last year. Tree Sales are at 25% of expected revenues. Expenditures are all at or near expectations. A coding error in fuels reduction work for the county was noted and will be recoded. Also, the interest and principle payments on our car need to be broken out rather than coded together. Scheele noted that there is a budget, but no expenses yet in the 401 Personnel Benefits line and Greif explained how this is being coded first into the General Fund and later a portion of it is adjusted. Scheele asked about the physical assets line in the balance sheet; Greif noted that it represented the SCD tractor and drill and that he and Meyer will work to reduce this figure as the value of the equipment depreciates.

Legislative Update

Carter notified the board that the Pierce Conservation District bill regarding rates and charges has not been pulled out of the senate committee. Pierce CD so far has incurred \$16,500 and KCD will be putting \$9,000 toward the effort. Based on the relative size of our district, \$1-\$2,000 would be a fair contribution from SCD. Miller suggested that we not make further contribution decisions until all board members are present.

Motion Shrauger/Miller to send Pierce Conservation District \$1,000 to support the ongoing legislative activity. Motion carried.

AgExpo

Charlie Peterson and Ben Peterson reported on success running the AgExpo booth. They received several requests for small acreage equipment rentals. Meyer said that Pend Oreille CD is looking to get equipment and an operator to start a program in cooperation other local entities. Meyer anticipates that the management of the program will be much more complicated than our Direct Seed custom operating.

Pasture renovation is one of the biggest needs for custom small acreage. One of the challenges will be dealing with the variety from 5 acres to 80 acres; Miller suggests a sliding scale for price structure because a 5 acre property will take about the same amount of time as a 30 acre. Shrauger suggests a checklist for entering into conversations with these customers including costs they might not consider like gopher control, weed management, and fertilizer needs. It will realistically be \$750 for a 10 acre farm. There is a 15' Cross Slot drill that could be appropriate for this program. Greif suggests looking alibaba.com for equipment that is more often used in third world farming. Meyer suggests holding small acreage landowner feedback meetings where we offer options with pricing, requirements and crop options. We would then bundle existing vendors and sell it as a package from site prep to harvest.

FarmVet Program

Carter presented the Battlefield to Farmfield video to the recent Farm Bureau meeting. She asked the farmers for land/farm positions to use to train veterans into farmers, and a tractor that can be used as an outreach tool at parades and shows. A local producer has offered to host a Veteran Farm Manager and crew on their farm; it would include a long list of duties including working with horses, fence maintenance, working with cattle, and more. Then, once the crew is trained, they could venture to the next farm and be hired to complete similar tasks, all while making progress toward DOE initiatives on the land. This producer has also offered the use of his International 400 tractor and Wounded Warriors will fund a new paint job in red, white and blue or similar. LaShaw mentioned that many operators may have old small equipment that is not being used that they would donate or sell for cheap. Ideally, this FarmVet program would get enough interest that they could run the small acreage custom operators program outside of the district.

DOE and Farm Bureau Meeting

103 people attended the DOE meeting regarding water quality/potential to pollute letters in Fairfield. Later, at the Farm Bureau Meeting, Carter spoke with producers and they offered three suggestions for Carter to take forward. The first was regarding the DOE approach. They felt the letter being issued is offensive and a phone call or different tact is necessary. They also suggested presentations by people like Tip Hudson would be preferred to educate and provide tools for self assessment. Lastly, they talked about having choices in practices to be applied. Vicki noted that she has already passed this information along to Ray Ledgerwood and would be meeting with Chad Atkins, DOE, in the next few days.

Incentive Concept Paper

Meyer reviewed the goals of the group in Whitman County regarding Palouse specific riparian buffer regulations and programs. Ty and Walt have taken that further by developing a new incentive based payment plan using the RMA economic values of the acres as farmed. They are working through some modeling of what percentage of the acres would be consumed by a buffer and how to compensate the producer equitably. The end result will be an annual payment to the producer to make a buffer a "why not" instead of a hit to profit and productivity. Carter has spoken with Roylene Rides-at-the-Door regarding this report and she will be helping us get the right players to the table.

Correspondence and Announcements

Good governance checklist will be presented at the March meeting. Letter received from Spokane Junior Livestock Show regarding their May 8 barbeque; tickets are for sale for any who are interested. Carter has new signature cards for a new account to link with PayPal.

Motion Shrauger/Miller to approve the creation of a new bank account with the Bank of Fairfield to link with our PayPal Account. Motion Carried.

LaShaw brought information regarding how the Dworshak Reservoir is spraying nutrients into the water to feed the aquatic life and fish. Another interesting article was presented of using clay to fight fish disease.

Dates:

- March 24-25: WACD Leg Days
- Winter Quarter: Online Veteran Farmers Course through SCC and Cultivating Success
- July 13, 2015: NACD Summer Meeting in Spokane. 200-250 people could attend.

EXECUTIVE SESSION

none

CLOSING OF MEETING

READING OF THE MOTIONS

Motion Miller/Shrauger to accept the agenda. Motion carried.

Motion Shrauger/Miller to accept the January 13, 2014 Meeting Minutes. Motion carried.

Motion Miller/Shrauger to approve the January TREASURER'S REPORT and February Accounts Payable as presented. Motion carried.

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Meeting adjourned at 7:33. Respectfully submitted by: Erica Johnson

Jerry Scheele, Board Chair

Jaki Shrauger, Auditor