Attendees

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

Absent: Randy James

Associate Supervisors: None

SCD Staff: Vicki Carter, Cori Turntine, Ty Meyer, Walt Edelen, Dan Ross, Josie Bjordahl

Guests: Chad Greif, BIAS; Matt Wright, AHBL; Erick Fitzpatrick, AHBL; Craig Andersen, AHBL; Larry Reichert, Landowner; Bonnie Jones-Reichert, Landowner

Chair Scheele called the meeting to order at 5:02pm, led the pledge of allegiance, and presented the agenda adding the Jones-Reichert landowner recognition award just after the pledge of allegiance.

**Motion Shrauger/Miller to accept the agenda with the addition of the landowner recognition award presentation. Motion carried.**

Dan Ross introduced Larry Reichert and Bonnie Jones-Reichert as the 2017 Champions of Conservation. Dan presented a recognition award letter and video footage from the 3F2P and Livestock and Land projects. Bonnie described how she got involved with our programs and offered her thanks and appreciation to the district, specifically Dan Ross.

Carter recognized the US Service men and women in attendance and thanked them for their service. She also provided a summarized history of the Vets on the Farm program and showed the video production that was developed by a fellow program participant, Christopher Rusin. This video showcased pictures and video footage from Christopher’s multiple tours as well as from the Vets on the Farm program.

**Previous Meeting Minutes**

Minutes from the October 10th meeting were previously distributed for review. **Motion Miller/Shrauger to approve the October 10th meeting minutes. Motion carried.**

**TREASURER’S REPORT**

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Treasurer’s Report: RECEIPTS: 15437-15595, 15597-15615, 15619-15624

EFT: 3247, 2910-2911, 2918-2933, 3007, 3020-3022, 3085-3086, 3093-3105, 3107-3192, 3211

CLAIMS: 45635-45653, 45656-45739
Scheele asked about an outstanding check to Randy James from last year and suggested it might be time to cancel the check and reissue it. Scheele also asked about the reason for the $500,000 transfer from LGIP. Carter informed Scheele that the transfer was used to cover new SRF loans issued as well to help cover operational costs while we’re waiting for several grants and awards to be reimbursed.

*Motion Knopp/Miller to accept the November Treasurer’s Report and November Accounts Payable.*

*Motion carried.*

**NEW BUSINESS / LINKAGE TO COMMUNITY**

The Supervisors introduced themselves and provided their backgrounds to the guests present.

**AHBL Presentation**

Carter introduced Matt Wright, Erick Fitzpatrick and Craig Andersen from AHBL as the staff and agency who has been hired to develop a site development plan for the 8th property. AHBL will also be leading the charette on November 21, 2017, from 9-2pm.

Craig summarized AHBL’s involvement with SCD’s previous projects and also mentioned he and Erick have previous experience with the 8th property and the surrounding neighborhood. They have been working on a master site development plan and a feasibility study. This will include permitting requirements and the related costs. They have subcontracted with Integris Architecture for the architectural work. Craig noted the first charette will be led as a visioning workshop, looking at the big picture – goals of the property, etc. It will then move into “programming” which includes individual uses on the property such as a greenhouse, fish passage demonstration site, etc. Craig thanked SCD for the opportunity to work on the project. He said this is the type of project that gets them excited. All of the staff and board members who are able or interested in attending were encouraged by Carter and the AHBL staff to bring all of their creative ideas any concerns they may have to the charette.

**Governance Culture**

**Financial Report**

Chad Greif presented the financial report and noted that the largest items in question in terms of the budget are the RCPP award revenue and grant salary reimbursement. Carter mentioned there are a number of grant and award reimbursements that are still outstanding. Greif projected that we will probably exceed the overall budget slightly but in general everything appears to be in line. He pointed out an increased fund balance in the OSS fund in the amount of $41,000. He also pointed out that $206,000 in SRF loans were issued in October. Meyer mentioned there’s approximately $400,000 in additional loans that are in process and noted that these are all equipment loans, no operating loans. Greif asked whether these loans would be included in our next voucher and Ty informed Greif, and reminded the Board, that the state capital budget hasn’t been approved which means we don’t haven’t been awarded a new SRF award and don’t know whether we will receive a new SRF award from DOE. As Greif presented the balance sheet report
he cautioned the board and staff to monitor the book cash balance amount as this is our true cash balance. He mentioned that he will be taking a step back in his role with the district and begin presenting a financial overview on a quarterly basis, while Turntine will take over the monthly financial reporting. He mentioned there will be several physical process changes with the BIAS software upgrade to Advanced Payroll and Grants Management and he will be working closely with Turntine to ensure a smooth transition. Carter presented an updated budget position statement for Fund 001. The current version provides the most up to date figures, which includes the November assessment receipt of $340,000. Carter also mentioned that the Rhizoterra loan has been paid off and we are now working on releasing the collateral.

**Internal Loaning**
Carter reminded the board that when we decided to purchase the 8th property we had approximately $3M in LGIP that was collecting minimal interest and were experiencing a very slow loaning period. However, with SRF loans picking up this year and no new state grant awards we’re starting to notice an impact to our cash balance. With the current conditions Carter offered a couple options to consider if we end up having more immediate cash needs. The options include financing the new property or looking into selling some of the lots at the new property. Carter said that she can do some research and figure out what it will take to sell the lots and what the details for financing the property. Grief suggested looking into a short line of credit or short term security with a lower interest rate. Carter concluded that she would begin investigating these options and would bring back her findings to the board. Knopp asked what interest rate we were loaning at and Meyer responded with 3.5%. It was suggested we increase the rate if we are going to take out a loan to keep the program going.

Meyer mentioned that legal proceedings are in the process with the two defaulted loans and that a legal notice was published in the Spokesman which has brought up a couple questions from people.

**SRF Loan Interest Rates**
Scheele suggested that if approve a new interest rate that we wait until the beginning of the year to institute that new rate. Meyer confirmed that all of the loans in process have been accepted under the current rate of 3.5%. Knopp asked Meyer how we established the current rate. Meyer stated that the original loans we received from DOE were borrowed at 1.5-2.6% and that we used this as a basis for establishing the rate passed on to the SRF borrowers. Meyer said he thinks the going market rate is about 4.5-5%; however, it’s difficult to get other lenders to provide their lending rates. Knopp noted that the FSA lending rate is at 3.5%. Miller wondered if we would be able to voucher for the current loans being issued if we get a new award from DOE. Meyer informed him that we would likely not be able to back voucher and only voucher loans issued after the award was approved. Meyer stated that he felt like we’re at a place where it would be appropriate to raise our interest rates. Meyer was advised to not re-apply during the latest DOE application funding period as the prior year’s application ranked high and would be considered when the capital budget is approved.

*Motion Knopp/Shrauger to increase our SRF loan interest rate to 4.5%. Motion carried*
Meyer asked to clarify whether we need to discontinue approving any additional loans before year end. The board suggested that we consider loans on a case by case basis moving forward.

Greif mentioned that cash in the bank is better than equipment on the books that that we should sell the equipment associated with the defaulted loans. Carter stated that we will sell equipment as soon as we legally can. Meyer stated that we are actively marketing the large drill and tractor.

Directors Discussion
Carter announced that there’s a potential for us to get approved for another staff position through an NRCS task order but we must submit a proposal very quickly. The position must be for EQIP and Conservation Planning activities and not specifically for RCPP. Also, the position proposal must include a unit cost for the related activities and shouldn’t include any overhead.

SCD Reorganization
Carter informed the board that until now the district has been able to provide full time benefits for all permanent staff regardless of whether they are part-time or full-time. PEBB is projecting another 24% increase in costs next year. As benefit costs continue to increase we will need to revise the current policy and match the benefit provided to the percentage worked by each employee. Carter noted that she would like to hire somebody to update our policies to reflect the reduction in benefits and make sure our policies are updated to include the new sick leave laws for temporary and seasonal staff and the 2019 changes to the medical leave act which extends family leave coverage. The change to employee benefits is going to be a hard culture change but this is consistent with the policies of other agencies and it’s time we make the updates. Spokane Regional Clean Air is in the process of researching other benefit packages outside of PEBB. Carter will be working with their staff during to see if there’s anything better out there. Miller was doubtful that we’d find anything much cheaper.

Retirement conversion – effective November
Carter announced that the roll over from VOYA to American Funds is getting finalized this month.

Legal Fees
Carter presented the legal fees that she personally incurred as a result of the legal proceedings with Bill Demers. Carter has incurred a total of $4,425.42 in legal fees with her attorney, Thad O’Sullivan. Between hers and SCD’s legal bills, this situation has cost close to $10,000, not to mention the staff time and productivity loss.

Motion Miller/Knopp to approve SCD payment of Carter’s legal fees of $4,425.42. Motion carried.

Cost-Share Policy
Carter presented a draft cost-share policy update and suggested they review it and bring it back for discussion and approval at the December meeting. This policy update is coming as a result of DOE working with landowners with open complaints and guaranteeing these landowners a 100%
grant through SCD without any consultation with the district. Through past experience we have learned that projects that don’t require landowner participation are often unsuccessful. Additionally, these 100% cost-share grants from DOE, Hussman Grants, don’t allow for our administrative costs.

State motor pool
Carter presented that we have been approved for a vehicle lease from the State motor pool. One of the WSCC staff will be driving our 2018 Nissan Pathfinder to the WACD conference and we will drive it back to Spokane. There are very specific rules for the maintenance and use of these motor pool vehicles so it will not be used as a field vehicle. The monthly lease price includes fuel cost, a mileage allowance and maintenance expenses.

8th Property
Carter informed the board that she will be meeting with Maurice Piersol, former board member, on Friday to talk about the site development and construction to get his insight about the sellable lots on the property as well as the possibility of expanding on the current building and opened the invitation to any of the board members interested in attending this meeting.

VOTF
Carter discussed the Home Depot farm house makeover project and mentioned that she’d like to put lights on the greenhouse and hoop house for Christmas on the Palouse. It was suggested that we hold a Christmas tree sale event on the farm. As we discussed last month the County has been in contact with us regarding a tree farm property that is for sale near Newman/Hauser Lake. The County is considering purchasing the property with Conservation Futures funding and is interested in SCD managing the property. Carter suggested that this site has the potential for a live Christmas trees adoption program. People could adopt a live, potted Christmas tree and after Christmas return the tree to be planted in their name. This would be a good program that people would love to participate in and no one else in the area is running this type of program.

Employee Evaluations
Employee evaluations are getting sent out to employees to complete their self evaluation and we’ll be working on these until year end.

Logo Wear
We are budgeting for new logowear for 2018. Since everyone has such individual needs we are going to move to a voucher system in 2018. Each employee with be given a voucher amount and can pick out pieces of clothing that they would like to buy with the voucher.

State Audit
The audit started last week and an entrance conference will be held at 3:30pm on November 20, 2017. Scheele and Shrauger said they will attend.

BIAS Professional Service Contract
Carter informed the board the Turntine has taken over a good portion of the monthly financial
report preparation and will begin reporting to the board in place of Chad. However, Chad will continue to report to the board on a quarterly basis.

**Election Date**
Last month we announced the intent to set the date of the election. This month we must set the date for the election.

*Motion Miller/Knopp to set the election date for March 13, 2018. Motion carried.*

**2018 Budget**
Carter presented an updated draft budget of fund 001. The big things to note are the increase in the assessment based on the preliminary figures provided by the County, a new line for the NRCS work order position at $50,000, reduction to grant salary reimbursement. Carter pointed out that VSP and WSCC RCPP award revenue is codes to conservation services rather than grant salary reimbursement as these are contracts rather than grants. We’ve reduced the overall revenue budget by about 20% from 2017 figures. On the expense side we’ve increase employee salaries. Knopp asked if we would see a reduction to Professional Services with the reduced contract with BIAS. Carter confirmed that this is reflected in the budgeted figures. The janitorial budget has increased as we have a new contract that is a bit higher than the prior contract. Minor equipment purchased is increased to reflect software purchases/upgrades: BIAS upgrade and Microsoft Office. The bottom line on this revision results in about a $60K increase to fund balance.

**NE Area Meeting Update**
Charlie Peterson was awarded district employee of the year. Although we prepared two resolutions we only ended up taking one resolution to the meeting which has resulted in really good traction from NRCS. The new task order position is a result of this resolution.

**Farm & Food Expo Update**
This year’s Farm and Food Expo was the best yet. All of the speakers were great. There were lots of raving comments about our keynote speakers Curtis Stone and Jean-Martin Fortier. The evaluations reflected the participant support. Carter reminded the board that this was a make or break year and based on the results we’ll do it again. People really liked the two day conference and suggested a Friday night event. We’ll consider doing a dinner and auction event next year.

**WSCC Long-Term Funding Strategy Survey**
A committee has been developed to lead the discussions and development of a long-term funding strategy. A survey has been sent out to all supervisors and staff to complete to get feedback and gauge district support. The committee is seeking to get as much feedback as possible before the conference the initial results can be summarized and presented at the WACD conference. Scheele suggested that we complete the survey as a board to represent our board’s thoughts and also encouraged each board member to complete the survey on their own. Miller noted that WACD would like to get all of the information together so we can be ready for the new lobbyist to have a product to share with the legislators. The Board completed the survey as a group.
SRF Loan
Meyer presented a loan request for a $300,000 loan refinance. The applicant is a previous borrower whose loan was paid off by FSA. Meyer informed the board that this is a higher risk loan. The applicant has a $125,000 deficit in his operating line and in order to be eligible for a new operating line he needs to clear this deficit. This is a new scenario for us. FSA has operating line backed by collateral. Knopp stated that we don’t have the capacity to take on a high risk loan.

**Motion Knopp/Shrauger to deny the $300,000 loan request as presented due to lack of capacity. Motion carried.**

OPERATIONAL EXPECTATIONS
**Correspondence and Announcements**
- Spokane River Forum Conference – November 16-17
- Women in Ag Conference – November 18
- Property Charette – November 21
- Office Closed for Thanksgiving – November 23-24
- WACD Meeting in Kennewick – November 27-30
- District Christmas Party – December 1
- NACD in Nashville – end of January 27-31, 2018

READING OF THE MOTIONS
**Motion Shrauger/Miller to accept the agenda with the addition of the landowner recognition award presentation. Motion carried.**

**Motion Miller/Shrauger to approve the October 10th meeting minutes. Motion carried.**

**Motion Knopp/Miller to accept the November Treasurer’s Report and November Accounts Payable. Motion carried.**

**Motion Knopp/Shrauger to increase our SRF loan interest rate to 4.5%. Motion carried**

**Motion Miller/Knopp to approve SCD payment of Carter’s legal fees of $4,425.42. Motion carried.**

**Motion Miller/Knopp to set the election date for March 13, 2018. Motion carried.**

**Motion Knopp/Shrauger to deny the $300K loan request as presented due to lack of capacity. Motion carried.**

Meeting adjourned at 8:04pm.
Respectfully submitted by: Cori Turntine
The Spokane Conservation District’s Board meeting minutes are intended to be a reasonable summary of the Board’s deliberations and action. The minutes are not a verbatim record of everything said at the meeting. The minutes include all actions taken by the Board.