



Minutes

Meeting of the KID Board of Directors
 Carl W. Petersen Board Room
 Tuesday, June 17, 2014, 9:00 a.m.

President Rathbun called the meeting to order at - a.m. and Mr. Freeman called roll.

Directors Present:

Kirk Rathbun, President
 Gene Huffman, Vice President
 Patrick McGuire, Director

Directors Absent:

David McKenzie, Director
 Dean Dennis, Director

Other Persons Present:

Brian Iller, Legal Counsel

Staff Present:

Chuck Freeman, District Manager
 Colleen Storms, District Treasurer
 Seth Defoe, Planning Manager
 Jason McShane, Engineering/Operations Manager
 Ben Woodard, Staff Engineer
 Judy Smith, Real Property Manager
 Jaime Britton, Senior Accountant
 Lynda Rosenbaum, Administrative Assistant
 Dana Hernandez, Customer Accounts Supervisor
 Doris Rakowski, Executive Assistant

APPROVAL OF AGENDA: Vice President Huffman moved to approve agenda. Director McGuire seconded the motion. All present voted in favor and the motion carried.

CONSENT AGENDA: Director McGuire moved to approve the consent agenda. Vice President Huffman seconded the motion. All present voted in favor and the motion carried.

Items on the consent agenda were:

1. Minutes, KID Board Meeting, June 3, 2014
2. Approve Final Plat Cherry Glen
3. Approve Final Plat The Heights at Highland Ranch
4. Approve Comments for Preliminary Plat of Grand Meadows
5. Vouchers/Warrant Approval

Accounts Payable

Numbers:	68416 through	68435	\$	184,394.15
	68436 through	68488		<u>1,376,001.41</u>

Total Accounts Payable 1,560,395.56

Payroll

Numbers:	32788 through	32795	\$	9,329.95
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Direct Deposit	5/30/2014	82,326.54		
Total Payroll				<u>91,656.49</u>

Total Disbursements \$ 1,652,052.05

Voided Checks: None

PUBLIC COMMENTS:

J. P. Haese, 1608 Meadow Hills Dr., thanked Mr. Freeman for taking his call and getting a water truck up to Badger East Canal. He briefly discussed how the work on the canal road disturbed residents. He asked what the maintenance plan was for the slope down to the road and whether it would be put back as it was or better than it was.

Mr. Freeman said the plan was to keep the weeds down, and hydroseed with a dryland mix which required no watering.

Mr. Haese asked if anyone had been to look at the area, and Director McGuire said he had been there once. Mr. Haese offered water for the hydroseeded area and said it was just about property value for him. He asked when the project was expected to be completed.

Mr. Woodard said a delivery of rock was scheduled for tomorrow and the work might take three to five days, though he noted the Operations Manager was not present to confirm his estimate.

President Rathbun said the District was not interested in putting water on the slope to maintain it as a lawn. Mr. Freeman agreed.

Mr. Haese said the work and mess over six months made it tough to market property in the area. He said KID had no public relations and ignored invitations to come to the site.

Mr. Freeman said he and staff went out and met with neighbors, and that other neighbors, not wanting liner to be installed, had addressed the Board.

Mr. Haese noted that a section to the south, coming up to Westcliffe Boulevard was not finished.

President Rathbun asked Mr. Haese to meet with Mr. Freeman or a Director after the meeting.

Marty Zakrajsek, a neighbor of Mr. Haese, said he was disappointed that KID not as enthusiastic for finishing projects as for starting them. He said he was pleased to see activity to finish the north side roadway and hoped there were plans to finish the south side roadway. He said he would have preferred to restore landscaping to the side of the canal, but would like KID to complete work so residents could make their properties presentable and attractive, to the benefit of KID and home owners.

Mr. Freeman said the District lined 15 miles of canal in last seven years and this 1,300 feet section had been the most challenging.

PRESENTATIONS:

Financial Report: Financial reports for April and May were distributed. Ms. Storms displayed the financial reports for May and reviewed highlights. Pages reviewed included:

- Balance Sheet as of May 31, 2014 - Final
- Statement of Revenue & Expenditures – Budget to Actual - Summary
- Statement of Revenue & Expenditures – Budget to Actual - Comparative
- Fund Balance Change through May 31, 2014

Director McGuire moved to accept the Financials as reported. Vice President Huffman seconded the motion. All present voted in favor and the motion carried.

PUBLIC HEARING: None

BOARD REPORTS: None

ACTION ITEMS:

Confirm Treasurer's Declaration of Account Delinquencies: Ms. Storms reported that a new law went into effect which allowed an agency to look at a property it intended to foreclose upon and determine if there was value in the property commensurate with this cost of foreclosure. She briefly discussed the three properties remaining on the foreclosure list and efforts being made to resolve the delinquencies dating from 2010. Discussion ensued.

Ms. Storms confirmed to Director McGuire that contact attempts were made and notice requirements were met. She discussed the next steps. She said there were two other delinquent properties on which the county was foreclosing. She said the county would pay KID.

In response to a question from President Rathbun, Mr. Iller discussed how long the foreclosure process could take and spoke about the letters sent to persons with delinquent assessments.

Director McGuire moved to authorize the Treasurer to prepare the Certificates of Delinquency for the attached parcels. Vice President Huffman seconded the motion. All present voted in favor and the motion carried.

RESOLUTIONS:

Resolution 2014-10, Approve Voluntary Mitigation - Cherry Glen: Mr. Woodard discussed the purpose of voluntary mitigation agreements and briefly reviewed terms of the Cherry Glen agreement. He noted that this developer, Hayden Homes, preferred to pay the mitigation in a lump sum.

In response to a question from Director McGuire, Ms. Storms said mitigation money would go into unique revenue accounts within the capital fund, and it would be put in an internally restricted capital account when the year was closed. She briefly reviewed the difference between legally required externally restricted accounts and internally restricted accounts.

President Rathbun commended Engineering and Mr. Freeman for putting the agreements together and said it made operational sense to have fewer small systems.

President Rathbun mentioned, regarding the public comments, that for all the miles of lining done, there had been very few issues with neighbors along the canals.

Vice President Huffman moved to approve Resolution 2014-10, Approving Cherry Glen Voluntary Mitigation Agreement. Director McGuire seconded the motion. All present voted in favor and the motion carried.

Resolution 2014-11, Approve Voluntary Mitigation - The Heights at Highland Ranch: Mr. Woodard briefly reviewed the terms of The Heights at Highland Ranch agreement.

Director McGuire moved to approve Resolution 2014-11, Approving The Heights at Highland Ranch Voluntary Mitigation Agreement. Vice President Huffman seconded the motion. All present voted in favor and the motion carried.

STAFF REPORTS:

Finance Manager: Ms. Storms reported:

- An issue with the bank accepting credit cards was resolved. Monies were retained in an account approved by the Washington State Public Deposit Protection Commission. Fees were expected to be similar. The change would be launched this week.
- KID would have annual audits. Ms. Storms expected the audit in the fall.
- Ms. Hernandez would provide a customer service report at a later meeting. Call volume had dropped from a high of 15,000 incoming calls in April.

At President Rathbun's request, Ms. Storms spoke about the Local Government Investment Pool (LGIP) investment in targeted mutual funds with government-backed securities.

Engineering/Operations Manager: On behalf of Mr. McShane, Mr. Woodard reported:

- Red Mountain South LID was on schedule, with physical completion of two of three pipeline contracts. The 1070 Reservoir was to be painted this week.
- An Endothall treatment was scheduled to be applied at the head of the canal on Tuesday, June 24th. This would be followed by an application of a copper product (Captain).
- Completion of capital work to gravel roads at Badger East and Division 4 canal lining sites was planned.

Planning Manager: Mr. Defoe reported:

- Planning was studying and compiling comments on the Clean Water Act definition of tributaries and the expansion of waters covered by the act. The comment period was extended 90 days.
- Comments on ground water management on forest service lands would be given to the board for review in July.
- Mr. Defoe attended the third meeting of the Integrated Plan Water Usage Committee. The committee was in the preliminary phase of accepting projects and creating a ranking system. KID's three suggested projects appeared to be reasonable for the Integrated Plan. He briefly reviewed the project ranking system, and NRCS (Natural Resources Conservation Service) and Yakima Integrated Plan project funding programs.

Mr. Defoe noted that the Wapato Irrigation Project proposals would greatly reduce seepage and return flows, and could negatively affect KID since KID depended on return flows. Discussion ensued about requesting an invitation to sit on the committee. At the suggestion of Director McGuire, Mr. Freeman offered to draft a letter for the Board President to send requesting a seat on the committee.

- The engineer who maintained the Access Database outage board left the District for a different position and Mike Frey was working on a map-based outage board. An example was being tested internally.
- Staff would be meeting with TruePoint about linking TrueGIS to the TruePoint system.
- Planning was working on a relocations audit.
- Red Mountain South LID project drive water and conveyance water, which was put into short-term trust was approved by the Department of Ecology, and could be accessed for drought management.
- The City of Richland's Transportation Improvement Program would be before the City Council, tonight at 7:30. Shoreline management and Rachel Road would be discussed. Mr. Defoe met with City of Richland and Ecology representatives and toured the Amon

Wasteway site. The Shoreline Management Plan did not include Amon, but Mr. Defoe would be present in case it came up. Discussion ensued.

In response to a question from Vice President Huffman, Mr. Defoe spoke about return flows and upstream conservation efforts. Mr. Iller added that KID's position would be that it cannot be prejudiced by upstream conservation based on language in YRBWEP 2 that says any activities under YRBWEP 2 would not prejudice or diminish existing rights. He said the law was very clear, however applying that law to the facts and a system as complex as the Yakima Project would require a lot of staff involvement and consistent and persistence vigilance by KID and its staff to make sure that the law is followed. Mr. Freeman suggested a letter be sent to Marie Cantwell about the importance of carrying the savings clause from YRBWEP 2 through to YRBWEP 3.

Mr. Freeman said there was an article in the paper about the pulse flow for out migration of a salmonid species. He noted that there was not agreement on the target flow at Prosser. Mr. Freeman said that if the water was temperature toxic and there were no fish migrating, KID should not be subject to prorating. Mr. Iller said if the water was so warm as to be toxic to the fish, putting more warm water down the river wouldn't help the fish.

District Manager: Mr. Freeman reported:

- Memorandums of Understanding for the first right of refusal were delivered to the City of Kennewick for Vista Entertainment District tied to the assumption of ownership of Elliott Lake potable water system.
- The Washington State Water Resource Association Executive Committee would meet tomorrow in Sunnyside.
- Labor and Industries was here.
- Employee of the Quarter would be awarded next week.

WORKSHOP: None

EXECUTIVE SESSION: At 10:08 a.m., on behalf of the presiding officer, Mr. Iller announced that, following a short break, the Board would go into executive session for an estimated 10 minutes to consider the minimum price at which real estate will be offered for sale pursuant to RCW 42.30.110(c). Mr. Iller said action was possible after the executive session.

At 10:25 a.m., executive session was extended for 5 minutes.

At 10:31 a.m., the Board returned to open session.

ACTION ITEMS:

Approve Sale of Real Property: Ms. Rosenbaum presented an offer to purchase KID properties in City View, received from Amara Design Build, PBC. She briefly reviewed the terms and contingencies of the proposed agreement.

In response to a question from Director McGuire, Ms. Rosenbaum discussed the vision for the property, which included a quality hotel, theater and restaurant.

Ms. Rosenbaum confirmed to Director McGuire that the ECRs (Easements, Covenants and Restrictions) were given to Amara in advance, and meeting those requirements would be the responsibility of Amara in the due diligence period. She said the design would be brought to KID before they built.

In response to a question from Director McGuire, Ms. Rosenbaum said square foot price was a little lower than properties with more visual frontage from Keene or the highway. The road from Home Depot to the property was discussed.

Vice President Huffman said he thought the project was a good fit for the area and would help the value of other KID properties in the area, and brief discussion followed.

Vice President Huffman moved to approve the sale of KID #7014, 7024, 7034 and 7044 of City View, Block 2, Lots 1, 2, 3, & 4, in the amount of \$1,897,213.00 and authorize the Board President and Secretary/Manager to sign the Purchase and Sale Agreement at this date. Director McGuire seconded the motion. All present voted in favor and the motion carried.

Terms of the 12 month first right to refusal on Lot C were discussed.

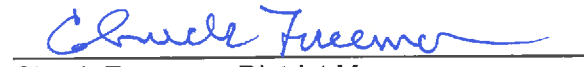
Director McGuire moved to adjourn the meeting at 10:42 a.m. Vice President Huffman seconded the motion. All present voted in favor and the motion carried.

Attest:

Witness:



Kirk Rathbun, Board President
Approved July 15, 2014



Chuck Freeman, District Manager

Prepared by Doris Rakowski