

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
EAST COLUMBIA BASIN IRRIGATION DISTRICT

September 7, 2016

The regular meeting of the Board of Directors of the East Columbia Basin Irrigation District was called to order at 10:00 a.m. in the Board Room of the District Office in Othello by President Mark Booker.

Present were:

Directors

Mark Booker
Bernie Erickson
Orman Johnson
Don Osborne
Boe Clausen

Staff

Craig Simpson
Richard Lemargie
Steve Kimble
Nate Andreini
Levi Johnson
Rosa Dekker
Wendy Lange

President Booker opened the hearing of petition for Inclusions of Lands, the hearing will remain open until the end of the meeting.

Visitors: Clint Wertz, Sarah Maciel and Jennifer Hickenbottom, USBR; Kevin Brown and Melissa Downes, WSDOE; Mike Schwisow, Government Relations Consultant; Darwin Fales, QCBID; Tim Culbertson and Larry Thomas, CBHP; Larry McCourtie, City of Othello; Ingrid Ekstrom, WSDNR; Jake Wollman, Jr., Paul Wollman, Eli Stahl, Alison May, Michele Kiesz, Dennis Swinger Sr., Kevin Lyle, Roberta Hodgson, Jerry Gross, Landowners.

Visitors

Minutes of the regular meeting of August 3, 2016 had been mailed to the Directors. President Booker asked where the report Jake Wollman, Jr. was kept. Mr. Wollman handed out a report to President Booker and Manager Simpson at the August meeting regarding his review of the preliminary design documents obtained from a public records request for the EL47.5 delivery system information. Manager Simpson stated he had kept a copy. Manager Simpson reported President Booker had emailed suggested changes to the minutes this morning. On page -2016-77-, the second sentence was changed to read; "He reported members of Marlin Hutterian Brethren (MHB) are present to discuss their potential offer, from the priority list, for groundwater replacement water on 3,840 eligible acres." Director Erickson requested a copy of Mr. Wollman's report from the August 3rd Board meeting be provided to all the Directors. Executive Secretary Lange stated she would make the copies during the lunch break. Following discussion, Director Erickson moved to approve the minutes of the regular meeting of August 3, 2016 with the changes as stated and discussed. Director Johnson seconded and the motion carried.

Minutes
Approved

Director Osborne requested the agenda be followed and the meeting to move quickly, he stated he has to leave the meeting at noon today.

Manager Simpson reported Ms. Alison May is present to request relief of outstanding assessments owed. Manager Simpson reported Ms. May purchased a home located in Hayden Campus IV. In 2010 the Board authorized relief of back assessments if landowners released their water allotments. It had been discovered that the water allotments had not been released when the land was subdivided and past due assessments had occurred. Ms. May purchased the property from Bank of America at auction and was not made aware of any outstanding assessments at the time of purchase. Ms. May stated that the title company did not disclose any outstanding assessments owed and requested relief of the outstanding assessment and interest owed. She also stated she will release the water allotment. Director Clausen commented it is normal for banks to pay all existing debts before the property is sold. Attorney Lemargie stated title companies typically don't disclose outstanding debts, so there would be no way the new owner would know. Following discussion, Director Erickson moved to forgive the outstanding assessment along with the interest due to the same opportunity given to the landowners within the short plat in 2010. The motion failed to receive a second. Director Johnson requested the landowner contact Bank of America and request that they pay the outstanding assessment. If they choose not to pay, the Board can decide at that time. Director Erickson stated he did not want the landowner to incur more costs. Attorney Lemargie suggested the landowner supply the District with Bank of America's contact information so a letter could be sent to them. Following discussion, Director Johnson moved to authorize the Manager to send a letter to Bank of America requesting payment of the outstanding assessment. Director Clausen seconded and the motion carried.

CBHP Manager Culbertson presented a CBHP project development fund status report. CBHP Manager Culbertson requested projected expenses through December in the amount of \$105,000.00, the amount for each District is \$35,000.00. Director Clausen verified with Manager Simpson that there were remaining funds in the budget for this request. Following discussion, Director Clausen moved to approve payment to CBHP in the amount of \$35,000.00 as requested, for projected expenses through December. Director Osborne seconded and the motion carried.

CBP Hydropower
Development

CBHP Manager Culbertson presented Kleinschmidt Task Order No. 5, Change Order No. 3, for regulatory support and licensing services, for Board consideration and approval. The change order is an additional amount, not to exceed \$24,000.00. Following discussion, Director Clausen moved to approve Kleinschmidt's Task Order No. 5, Change Order No. 3 for regulatory support and licensing services, not to exceed \$24,000.00, as presented. Director Johnson seconded and the motion carried.

a. Kleinschmidt's
Task Order No. 5,
Change Order
No. 3

Manager Simpson presented the following contracts a. through d. for approval:

District
Improvements

Contracts

- a. Permanent Release of Water Allotment, Olsen Homes, LLC, Block 45, Farm Unit 102-9 and 102-110, 14.1 acres
- b. Permanent Release of Water Allotment, Olsen Homes, LLC, Block 45, Farm Unit 274-1, 7.7 acres

- c. Interruptible Water Service Contract Renewal for Temporary Deferred Lands, Lucy Road Farms, LLC, 290-018, 22 acres
- d. Contract for Reclassification of Land & Transfer of Water Allotment, Lee and Margaret Davis, Block 45, Farm Unit 5, 13.5 acres

Following discussion, Director Johnson moved to approve contracts a. through d. as presented. Director Erickson seconded and the motion carried.

Assistant Manager Andreini presented the following permits a. through g. for approval:

Permits

a.	Bob Morlan	Replace Pipe Crossing	Block 41, FU 58
b.	ML Christian Academy	Sign Encroachment	Block 41, FU 117
c.	Country Morning Farms	Encroachment	Block 43, FU 156
d.	Boe Clausen, LLC	Additional Turnout	Block 44, FU 181-1
e.	Josh Madsen	Connect Pump Box to Weir	Block 44, FU 226
f.	James Nau	Move Return Flow	Block 46, FU 109
g.	James Nau	Drain Crossing	Block 46, FU 187

Assistant Manager Andreini reported permit f. converts rill irrigation to pivot irrigation and moves the existing return flow. He stated the return flow has insignificant impact to O&M and other landowners. Following discussion, Director Erickson moved to approve permits a. through c. and e. through g. as presented. Director Johnson seconded and the motion carried.

President Booker announced he will be recording the meeting with his personal recording device.

President Booker requested Director Clausen explain his need for an additional turnout and return flow permit. Director Clausen replied the request is to modify the existing turnout in the same location and increase the return flow that is already permitted. He stated he is planning for land reclassification approval from USBR and is hopeful for a 10(d) transfer. Director Clausen stated he is starting the permit process early for planning purposes. He also stated it would not be an issue if the permit does not get approved, that he would make other plans to take care of his return flow. Director Erickson asked Manager Simpson why the District does not like return flows. Manager Simpson reported return flows cause operational issues in the canal and have potential impact on landowners downstream being forced to take on more water. Following discussion, Director Johnson moved to approve permit d. as presented and discussed. Director Osborne seconded and the motion carried.

Vouchers audited and certified by the Auditing Officer as required by RCW 42.24.080 and those expense reimbursement claims certified as required by RCW 42.24.090 have been recorded on a listing, which has been made available to the Board. After reviewing the vouchers submitted for payment approval, Director Osborne moved to approve for payment check nos. 306166 through 306395 in the amount of \$727,312.02 and electronic Payroll and AP transfer in the amount of \$327,201.05 for a total of \$1,054,513.07 from the O&M Fund. Director Clausen seconded and the motion

Approve
Vouchers

carried.

-2016-83-

Manager Simpson reported assents were not received for the following Order for Petition for Inclusion of Lands a.:

Hearing of
Petition for
Inclusion of
Lands

a. WHB Trust

Manager Simpson presented Resolution 2016-12, Purchase of Materials, Supplies and Equipment. He reported the resolution has been updated to reflect the changes to allow Staff to purchase from State Surplus more expediently, changes made to the newspaper publishing and the requirements to call for quotes. Following discussion, Director Clausen moved to adopt Resolution 2016-12, Purchase of Materials, Supplies and Equipment, with the changes presented and discussed. Director Johnson seconded and the motion carried.

Resolution 2016-
12

The Board had been provided a draft Public Comment Period Policy for discussion. Director Osborne stated he thinks a public comment period policy is necessary to keep the meetings moving along. President Booker stated he would like the visitors input and read the policy out loud. Director Osborne pointed out the resolution was drafted by Attorney Lemargie's, that this policy is what is need to keep the Board meetings under control. President Booker requested copies of the draft resolution be provided to the visitors present for their review and input. Copies of the draft resolution were provided to the visitors present.

ECBID Public
Comment Period
Policy, Draft
Resolution

Manager Simpson reported he received the USBR's executive summary of the City of Quincy's non-ag discharge. This is a very large file and has not been reviewed it at this time. USBR EFO Manager Wertz reported USBR has reviewed what the City of Quincy initially submitted and will meet with the District managers to review the City's application. Manager Simpson reiterated the East District's opposition of the two year extension that USBR granted last year. QCBID Manager Fales reported the City of Quincy has been delinquent in solving this problem for years. The Quincy Board is now putting pressure on them to resolve the issue. QCBID Manager Fales stated the City wants to purify it's municipal discharge water to a quality processors can use for land application. He stated he agrees with Manager Simpson on the liability issue that a non-ag discharge causes. QCBID Manager Fales reported he will give Manager Simpson monthly status update. Director Clausen recommended the District maintain its position in opposing the City of Quincy's non-ag discharge into Bureau facilities.

City of Quincy
Non-Ag
Discharge

Assistant Manager Andreini presented the following quotes for a 10,000 gallon fuel tank with pump for Board consideration:

Quotes and Bids

Vendor	Quote
Budget Amount	\$30,000.00
CHS, Inc./Wilcox & Flegel	\$17,000.00
Steelman	\$28,275.00
Wilray Tank Manufacturing	\$38,095.00
Memco, Inc.	\$40,000.00

Northwest Pump and Equipment	\$49,443.96
Ace Tanks and Fuelling Equipment	\$50,942.48

Assistant Manager Andreini reported the quote from CHS, Inc. did not meet the District's quote specifications due to not meeting the 10,000 gallon capacity requested. Following discussion, Director Johnson moved to declare the quote from CHS, Inc. non-responsive for not meeting District quote specifications as discussed and to accept the quote from Steelman in the amount of \$28,275.00 plus sales tax as the lowest responsive quote. Director Erickson seconded and the motion carried.

Treasurer Kimble presented the following quotes for a network server for Board consideration:

Vendor	Equipment	Quote
CDW-G	HP ProLiant ML350 G9 5U Tower Server	\$12,688.13
Dell	Dell PowerEdge T630 Server	\$13,226.01
elevate	HP ProLiant ML350 G9 5U Tower Server	\$14,681.00

Following discussion, Director Clausen moved to accept the quote from CDW-G in the amount of \$12,688.13, plus sales tax as the lowest responsive quote. Director Osborne seconded and the motion carried.

Development Coordinator Johnson requested authorization to call for Materials Testing and Quality Assurance Services RFQs for the Warden Siphon project. Following discussion, Director Erickson moved to authorize a call for Materials Testing and Quality Assurance Services RFQs, as requested. Director Clausen seconded and the motion carried.

Assistant Manager Andreini requested authorization to call for September 2016 Pipe bids. He reported neither funding source is in place yet but will hear from BPA and WSDOE this month. Following discussion, Director Erickson moved to authorize a call for September 2016 Pipe bids. Director Clausen seconded and the motion carried.

Assistant Manager Andreini reported the device discovered for submerged gate automation is unique to Rubicon. Assistant Manager Andreini reported he has drafted a sole source resolution to present today instead of a sealed bid request. The lateral chosen for the gate automation is the EL68T. The existing gates for the EL 68T lateral provide unreliable flow measurement and erratic performance. Assistant Manager Andreini reported \$100,000.00 is in the budget for gate automation on the ELC as well as \$94,000.00 for the EL68 head gate automation. He expects the automation of the EL68T head gate will cost approximately \$92,000.00. Assistant Manager Andreini recommends adopting Resolution 2016-14 naming Rubicon as the sole source provider. Following discussion, Director Clausen moved to adopt Resolution 2016-14, Rubicon Sole Source, as presented and discussed. Director Erickson seconded and the motion carried.

The meeting recessed for lunch at 11:55 p.m. and reconvened at 1:00 p.m.

President Booker continued to record the Board meeting with his personal recording device.

Assistant Manager Andreini reported HDR Task Order No. 2, EL47.5 Electrical Design was not ready to present at this time, due to the consultant not being responsive. OGWRP

Assistant Manager Andreini reported the professional service agreement for easement acquisition activities with Erlandson has been received. Assistant Manager Andreini requested authorization for President Booker to execute the professional services agreement with Erlandson. The professional services agreement is not to exceed \$16,989. Following discussion, Director Clausen moved to authorize President Booker to execute the professional services agreement with Erlandson for easement acquisition activities, not to exceed \$16,989.00. Director Johnson seconded and the motion carried. a. EL47.5 Delivery System
1) HDR Task Order No. 2
b. Development Office Report

Development Coordinator Johnson reported the District continues to wait for the audited financials so they can be submitted to Moody's to complete the bond rating. Once those are received the District will submit them to Moody's for them to establish the District's credit rating. Development Coordinator Johnson reported PFM will be ready to publish the Official Statement the same day the credit rating is determined. The District will be able to sell bonds 8 to 12 days after the Official Statement is published.

Development Coordinator Johnson requested authorization to pay a PFM invoice in the amount of \$54,493.09 for professional financial consulting services. The invoice dates back to May of 2015 for services performed by PFM for the District. President Booker stated he is concerned about the bonding and would like to hold off bond sales until designs for the EL47.5 delivery system are complete. Director Erickson stated he is in agreement with President Booker. Manager Simpson reported PFM was contracted with as the District's financial advisor long ago, they are now billing for the past 14 months of their services not associated with the bond sales. Director Johnson stated PFM will be paid for their bond work through bond proceeds, this invoice is for consulting. President Booker asked Assistant Manager Andreini about the progress of the EL47.5 pump plant design. Assistant Manager Andreini reported staff continues to work on structure and mechanical design. He reported staff will meet internally to establish actual turnout locations in order to prepare for a meeting with the EL47.5 delivery systems landowners. Director Erickson asked Mike Schwisow about future financing from WA State. Mr. Schwisow reported the Office of the Columbia River is expected to request \$15M for OGWRP activities. The amount to be considered will not be certain until the Governor releases his budget the 2nd Monday in December. President Booker stated again he does not want the District to sell bonds. Mr. Schwisow stated there is a high risk and concern, that if the District does not start something it is very likely the District will not get future funding from the State. Ms. Michele Kiesz stated the reason Senator Schoessler earmarked funding for pumping plants is because of concern of no MWSC in hand. Director Johnson commented that Mike Schwisow has stated that the District needs to move forward with developing the EL47.5 delivery system, and if not, the program will risk receiving any State funding in

the future. President Booker stated staff needs to present a design the landowners are happy with. He stated Mr. Jake Wollman, Jr. had mentioned problems with the designs. Director Johnson stated the Board needs to vote to pay the invoice for the financial advisor, the District is obligated to pay. Director Johnson moved to authorize payment to PFM in the amount of \$54,493.09 for professional financial consulting services performed dating back to May 2015. Director Clausen seconded the motion.

Director Erickson stated it is too early to pay the bill until people are ready to sign. President Booker stated he thinks the bill is all a part of the bond sale. Director Erickson moved to amend Director Johnson's motion, to postpone the bond sales and pay the PFM invoice. President Booker stated he would second the motion if he wasn't the President. Director Erickson's amended motion failed to receive a second. President Booker called for a vote on Director Johnson's motion. The motion failed with Director Johnson and Director Clausen voting aye, Director Erickson voted nay stating he does not agree with the invoice and President Booker voted no stating he also does not agree with the invoice and he wants them to postpone the bond sale. Manager Simpson cautioned the Board that the District is a public entity that signed an agreement to pay for financial services and the Board just voted not to pay their bill. Attorney Lemargie stated the District has a contractual obligation to pay for the performed services and this invoice has nothing to do with the bond sale.

Director Erickson moved to authorize payment of the PFM invoice if the Board will approve delaying the bond sales until January 1, 2017. Director Clausen asked Attorney Lemargie to comment. Attorney Lemargie stated there are two aspects to this, one is the political aspect that President Booker is playing and two is the legal aspect that the District is obligated to pay its bills. President Booker asked Mr. Wollman for his input on the pump plant designs and paying the PFM invoice. Mr. Wollman commented the District should pay the invoice. Discussions continued on delaying the bond sales. Director Johnson stated there was a comment from a visitor that the District should pay the bill and the Board should listen. Discussions continued on pumping plants. Director Erickson asked the visitors whether or not the District should pay their bills. The visitors wanted the District to pay their bills. Mr. Wollman wanted it to be clear that by paying the PFM invoice is for services completed and not the bond sale. Discussions continued on pump plants breaking down and speculation of the time it takes for them to come back on line.

President Booker told Director Erickson it was time to make a motion to hire an engineering firm to design the EL47.5 pump station. Director Erickson asked the visitors if this was an acceptable motion to make. President Booker asked Treasurer Kimble how much Manager Simpson and Assistant Manager Andreini were insured for. Director Clausen stated there is no further money in the budget to hire an outside firm to design a pump station. Director Clausen asked about an outside firm hired to review the pump plant designs. Manager Simpson stated the District is designing a USBR facility that the USBR will review and accept. EFO Manager Wertz stated this is what the USBR does and the USBR does have expertise in this work. Director Clausen stated the USBR has done similar projects in the past in different irrigation districts and are capable of reviewing the District's designs. Mr. Wollman asked if there were proof of the USBR's abilities in order to reassure the landowners.

Mr. Eli Stahl offered a tour of his fully enclosed pressurized system on his farm in Oregon. Development Coordinator Johnson stated the engineering staff has toured multiple systems included pressurized systems from the Columbia River. Development Coordinator Johnson stated he personally disagrees with the opinion that staff does not have the ability to finish the designs. He commented on the huge risk if the District loses support to move forward. President Booker stated there is \$5M in the Power Revenue Fund that can be used for the EL47.5 while the District waits for State funding. Landowner, Mr. Kevin Lyle requested the District keep moving forward with the bond sales and to build the EL47.5 system so the other systems can be built also. He stated the East District Board did the same thing in the 1970's and did not get the water out to the lands that are again eligible for water now. Mr. Lyle stated the Board can't wait for State funding and shouldn't depend on future State funding.

Director Johnson stated it would be irresponsible of the Board to take money from the Power Revenue fund while waiting for State funding. Ms. Ingrid Ekstrom, WA DNR, an EL47.5 landowner, stated the District has the support of DNR on moving forward and is concerned about not getting the groundwater replacement water in time. Mr. Jerry Gross, MHB, state he would sign up today for the water and that he thinks it is a fair price. He stated the District needs to start somewhere. Mr. Gross stated they will be dry land farming if they don't get water in the next five years. He stated if you want a delivery system in you are going to have to pay for one. Ms. Roberta Hodgson commented she had signed up for groundwater replacement water but expected to not have all this doubt about the system. She is concerned that if a little money isn't spent now on designs what will happen in the future. She also questioned if the USBR has the expertise to review the designs, then why can't that be the second review of the designs. Director Erickson commented that isn't the issue, it will work, the USBR and District have built things, the issue is on price. Mr. Dennis Swinger, Sr. stated he seconds what Ms. Hodgson said, that he signed up because he didn't want to go to the bottom of the list. He is concerned he won't be able to make it work at the price set. Mr. Wollman stated he is still concerned on the designs. President Booker stated he likes the idea of spending money now to give assurance to the landowners. Mr. Swinger state he thinks the District should pay their bills. Director Erickson moved to reconsider the PFM invoice and authorize payment to them in the amount of \$54,493.09. Director Johnson seconded and the motion carried. President Booker stated we would have never gotten here if we didn't talk about the bond.

President Booker asked for a motion to hire an outside source to review the EL47.5 pump plant designs. Assistant Manager Andreini commented staff does not design things not to work. He stated the District has an MOU with USBR for their technical services which include reviewing designs. Manager Simpson stated the District has designed and built over 50 pump plants in the last few years. A motion was not made to hire an outside source to review designs. Assistant Manager Andreini reported designs are expected to be at 60% completion by the end of the month. President Booker wants it in the minutes he is "concerned about not having a design and selling bonds so we can buy stuff." Manager Simpson reported the District signed contracts with landowners to delivery water in 2018. The District needs to keep moving forward to fulfill that timeframe obligation.

Mr. Wollman stated he made a request to have a lateral go south to Franz Road. He reported he has not seen anything indicating that was occurring. It is not currently in the design. Development Coordinator Johnson reported when the Board instructed staff to trim down overall costs staff had to shorten the delivery lines, the line south was removed. He reported staff would have to do a cost scenario that includes the line and a cultural resources review for the easements. Mr. Wollman stated he would like to keep it on file that he requested that stem to the south be added to the design. Mr. Paul Wollman stated this would benefit another landowner in the right-of-way also and requested the Board and staff to consider adding the lateral to the designs. President Booker asked Director Erickson to make a motion. Director Erickson moved to have engineering staff look at the cost to add a lateral south on the EL47.5 delivery system per WHB's request. Director Johnson seconded. Assistant Manager Andreini reported staff had shortened pipelines down in order to keep the \$190 ceiling for all systems. Development Coordinator Johnson reported the District is going forward with construction this fall and no surge analysis has been done to include that stem of pipeline. Mr. Jake Wollman stated he simply is asking for equal consideration of an access point for them to come to. President Booker stated it seems to be a reasonable request and is something the Board should consider. Manager Simpson stated the bond amount does not include the pipeline WHB is requesting. Director Johnson asked how this affects the other landowner. Mr. Wollman stated the other landowner will need to cross WHB and WHB will not allow the easement unless the District puts in the access point. Discussions continued on normalized cost, State funding and how grant funding could be used if the District were to receive more.

Development Coordinator Johnson reported the Bond Counsel letter of engagement has been received along with the draft preliminary official statement. The letter of engagement includes a payment component of \$80,000.00 paid to Bond Counsel and \$45,000.00 paid to Disclosure Counsel, these are to be paid at bond closing. Development Coordinator Johnson requested authorization for President Booker to sign the letter of engagement. Following discussion, Director Clausen authorized President Booker to execute the letter of engagement as presented and discussed. Director Johnson seconded and the motion carried.

Development Coordinator Johnson reported the District is working on the scope of work with Big Bend Electric and has an agreement in place. Development Coordinator Johnson reported on an outstanding USBR TSC invoice for travel charges they incurred while working on the Lind Coulee Siphons No. 1 and No. 2. The invoice is in the amount of \$10,069 but had been reduced to \$6,932.00. The District is requesting proof of travel vouchers and checking with WSDOE to ensure it falls under the grant guidelines.

Development Coordinator Johnson reported on two current water service contract offers for non-District delivery systems. Ms. Kiesz has been offered an 80 acre contract. Development Coordinator Johnson reported Ms. Kiesz's 80 acres are close enough to the canal that she would like to build her own system but at this time would like to pass on the offer but be able to come back in at a later date. He stated the Board has allowed landowners to reconsider and this does not preclude Ms. Kiesz. Development Coordinator Johnson reported the other offer is to Phillips Family Farms

for three ¼ sections roughly 120-130 acres each. He reported this has been an ongoing process and is requesting Board direction on whether to continue to engage with the landowner. The landowner has stated they are waiting to hear from their renters on whether they were willing to pay for the water service contracts. Director Clausen suggested a one month timeline and to write Ms. Joan Phillips a letter requesting she please contact the District by the continued Board meeting and cc. Mr. Eli Stahl. Director Johnson concurred with Director Clausen's suggestion.

Manager Simpson reported he met with members of the Marlin Hutterian Brethren (MHB) to discuss the pros and cons of a District pumping plant versus a private pumping plant. It was decided that the District would design and construct the system. Manager Simpson reported there are expected issues with getting across some very rocky land and a portion not included in the EIS. He stated if it becomes too difficult for the District, MHB will move forward with the pipeline themselves. MHB prefers the District build the system. Following discussion, Director Clausen moved to authorize staff to pursue working with MHB and building a delivery system to their land. Director Johnson seconded and the motion carried.

President Booker reported he got a map of the Director divisions and legal descriptions. He stated it appears that three divisions are entirely in Adams County and the other two are entirely in Grant County. President Booker pointed out that a portion of the EL47.5 system is in Director Clausen's division and is next to Director Erickson's division. President Booker commented on having County Commissioners replace Directors.

Assistant Manager Andreini reported the Warden Siphon Bids are due tomorrow and will be presented at the continued meeting. He reported that funding for the Warden Siphon is planned to come from the bond issuance. Manager Simpson reported the Warden Siphon project should stop if there is not a bond issuance. Assistant Manager Andreini reported on a discussion with USBR EFO, TSC and retired USBR employees. They discussed lands that previously did not have a land classification and discussed how to proceed with an approach to that.

Manager Simpson reported the representative from Coleambally Irrigation Cooperative Limited in Australia, Daniel Whittred, will be here September 26th through October 7th. The CICL is just over 200,000 acres and is fully automated. Manager Simpson stated he expects that Mr. Whittred will do a presentation at the October Board meeting. CICL Exchange

USBR EFO Manager Wertz reported the basis of negotiation is expected to come from the Commissioner soon and a draft contract is expected at the end of September. He also reported flows to the supplemental feed route have been stopped as of August 19th. Issues and impacts of the additional flooding to residential property will be discussed internally.

USBR EFO Manager Wertz thanked Development Coordinator Johnson for his efforts and stated his staff has enjoyed working with him. USBR Report

Safety Supervisor Walraf presented the monthly safety report.

Safety Report

Assistant Manager Andreini requested authorization for President Booker to execute the modification to BPA Agreement No. 16ES-11407. The modification extends the project completion date to September 30, 2017. The agreement funds piping projects in the Block 47 area. Following discussion, Director Clausen moved to authorize President Booker to execute the modified BPA Agreement No. 16ES-11407 as presented. Director Johnson seconded and the motion carried.

Engineer Report

Assistant Manager Andreini presented a number of requests from the Fox family regarding granting new easements to USBR for the Block 47 pipelines projects, and asked for direction from the Board. It was the consensus of the Board for Assistant Manager Andreini to meet with the Foxes to negotiate which of their requests the District would be able to help them with.

Treasurer Kimble presented the monthly Treasurer's report. He reported that one investment was made and there were no maturities during the month. The audit is hoped to be finished by the end of the week.

Treasurer Report

Assistant Manager Andreini gave the monthly O&M report.

Assistant Manager O&M

Manager Simpson reported on past and upcoming meetings and conferences he will be attending.

Manager Report

Manager Simpson reported he will need to schedule an Assessment Committee meeting on Friday, September 23rd. He reported he has items to discuss in executive session.

Development Coordinator Johnson presented Resolution 2016-13, Reimburse Capital Expenditures for future borrowing. He reported Bond Counsel recommends having this in place. The resolution was reviewed and approved by Anna Franz in Attorney Lemargie's office. Following discussion, Director Johnson moved to adopt Resolution 2016-13, Reimburse Capital Expenditures for future borrowing as presented. Director Clausen seconded and the motion carried.

Other

Manager Simpson requested action on Director Erickson's motion for engineering staff to look at what the cost would be to add a lateral south on the EL47.5 delivery system per WHB's request, Director Johnson had seconded the motion. Following discussion, the motion passed unanimously.

President Booker declared an executive session at 5:02 p.m. for approximately 30 minutes to discuss personnel performance. The meeting returned to regular session at 5:30 p.m.

Executive Session


At the request of Manager Simpson, the Board decided to table the discussion regarding the Manager's salary. Director Clausen moved to make the Manager's salary adjustments retroactive to the pay period following the September 7, 2016 Board meeting.

At 5:33 p.m., there being no further business to come before the Board at that time, President Booker continued the meeting to September 27, 2016 at 9:00 a.m. in the District's Boardroom and continued the Hearing for Petition for Inclusion of Lands.

Meeting
Continued



Secretary



President

MINUTES OF THE CONTINUED REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
EAST COLUMBIA BASIN IRRIGATION DISTRICT

September 27, 2016

The continued meeting of the Board of Directors of the East Columbia Basin Irrigation District began at 9:00 a.m. in the Board Room of the District Office in Othello.

Present were:

Directors

Mark Booker
Bernie Erickson
Orman Johnson
Don Osborne
Boe Clausen

Staff

Craig Simpson
Anna Franz
Steve Kimble
Nate Andreini
John McCourtie
Rosa Dekker
Wendy Lange

Visitors: Jake Wollman, Sr., Paul Wollman, Michele Kiesz and Dennis Swinger, Sr., Visitors
Landowners.

President Booker opened the hearing of petition for Inclusions of Lands, the hearing will remain open until the end of the meeting.

President Booker asked if the pump plant designs were at 60% completion yet and if the Bureau was looking at them yet. Assistant Manager Andreini responded yes the designs are at 60% and staff is working with USBR to finalize the agreement and scope of work. He reported he expects a task order will be presented at the regular Board meeting of October 5th.

Manager Simpson reported assents were not received for the following Order for Petition for Inclusion of Lands a.:

Hearing of
Petition for
Inclusion of
Lands

a. WHB Trust

Assistant Manager Andreini presented the following bids for the Warden Siphon project:

Quotes and Bids

Company	Bid
Engineer's Estimate	\$1,500,000.00
Rotschy	\$1,685,825.00
Strider	\$1,696,200.00
TEK	\$1,782,553.00
IMCO	\$1,839,630.00
West	\$2,129,000.00
Tapani	\$2,208,320.00

Following discussion, Director Johnson moved to accept the bid from Rotschy in the amount of \$1,685,825.00 plus sales tax, as the lowest responsive bid. Director Clausen seconded and the motion carried.

Assistant Manager Andreini reported the Board had approved Resolution 2016-14 declaring Rubicon the sole source provider of slip meter gates for gate automation. He reported the District submitted gate automation estimates for the EL68T, EL32, EL50 and EL52 head gates. Assistant Manager Andreini reported the combined estimated total submitted by Rubicon is \$190,000.00, which is \$3,000.00 under the budgeted amount. Assistant Manager Andreini recommended purchasing the automated slip meter gates from Rubicon, not to exceed \$195,000.00. Mr. Jake Wollman commented the District By-Laws do not allow for sole source suppliers. Manager Simpson responded the District has a purchasing policy in place which addresses sole source suppliers. Attorney Franz commented the District's sole source resolution follows District policy and the required State statutes. Following discussion, Director Clausen moved to authorize purchase of the automated slip gates from Rubicon, not to exceed \$195,000.00 as presented and discussed. Director Johnson seconded and the motion carried.

The meeting recessed for 5 minutes at 9:30 a.m. in order to provide the visitors present a copy of the 2017 Preliminary Budget.

Manager Simpson presented a preliminary 2017 Operation and Maintenance Budget for their review.

2017 Preliminary
Budget

At 9:44 a.m., President Booker announced he is recording the meeting with his personal recording device.

President Booker asked about the budget 2.5% pay increase to District staff. He stated he would like to lower that to 0% and not give a pay increase to District staff. Treasurer Kimble stated the bargaining unit employee annual pay increase is contractual. Manager Simpson stated the Board does not need to approve the budget today, adjustments can be made for approval at the October Board meeting.

Manager Simpson reported the budget included an approximate \$1.80 increase per acre. He reported this reflects a 2.7% increase, at the Assessment Committee meeting one Director has requested a 2% increase and the other Director requested a 4% increase. Manager Simpson also presented the estimated budget for the remainder of 2016. President Booker requested the Kansas Prairie Siphons No. 1 and No. 2 (KP1 and KP2) be listed separately instead of as a part of the East High Development line in the budget. Manager Simpson commented he believes it will be beneficial to separate them out when the projects start. Director Clausen and Director Johnson agreed it was fine to leave it as is until the projects begin. Discussions were had on the refinancing of the 2006 and 2007 bond, bond rates, keeping the same maturity date, and keeping the 2006 and 2007 bonds listed separate from the bond for the EL47.5 delivery system. President Booker stated he would like to see Grant Income and Bond Income listed on separate lines. Manager Simpson stated he would make that change.

Ms. Kiesz commented she spoke with Senator Schoessler and Gary Chandler and they recommended the District develop the full 11,000 acres for the EL47.5 delivery system. Manager Simpson had also met with them and had been told the same. He had told them the Board had considered over sizing, but due to cost concerns was not over-sizing the system per Board direction. Following discussion, President Booker stated Ms. Kiesz will head a committee with delivery system landowners and will report back to the Board.

Manager Simpson requested direction from the Board regarding the proposed budget. He stated he will move grant and bond income to separate lines. Director Johnson stated it was a good proposal and an increase to O&M that is less than 3% is good this day and age. President Booker stated he would like to see KP1 and KP2 on separate lines with zeros. Director Clausen stated he was good with KP1 and KP2 remaining where they are until potential progress on development and then separate them out at that time. Director Clausen requested discussions continue with the budget. Director Erickson stated so far he doesn't see a problem with the budget. Following discussion, Manager Simpson stated he will finalize the proposed 2017 Budget reflecting the Board's changes. A final 2017 budget will be presented to the Board for consideration of approval at the October Board meeting.

President Booker asked Assistant Manager Andreini how staff is doing with Mr. Other Wollman's list of issues. Assistant Manager Andreini reported staff is still working on EL47.5 designs and has been incorporating some of Mr. Wollman's suggestions. President Booker stated he is still in favor of hiring an outside engineering firm. Assistant Manager Andreini stated some of Mr. Wollman's criticisms were of a District-hired engineering consultant's work. President Booker discussed his concern about the District's liability should potential mistakes happen, system failure and crop losses. Mr. Wollman stated he would like the District to have a risk analysis done. President Booker asked Director Erickson if he would make a motion to hire an outside

consultant for design work. Manager Simpson commented hiring an outside firm will add additional cost and time delays and the District has signed contracts with landowners for a 2018 delivery. Director Erickson commented he sees nothing wrong with completing the designs with the District's professionals then having those designs reviewed. Manager Simpson stated that is the process the District is moving forward with and the USBR will be reviewing and approving the designs.

Director Clausen reported the Warden School District has asked if the engineering staff would be interested in job shadows. Manager Simpson stated the District has had students job shadow in the past and would welcome providing the opportunity to Warden High School students.

Director Clausen moved to table the Manager's salary discussion to the October Board meeting when all Directors are present. Director Erickson seconded and the motion carried.

President Booker declared an executive session at 12.20 p.m. for approximately 5 minutes to discuss personnel performance update. The meeting returned to regular session at 12:25 p.m. Executive Session

President Booker stated he had forgotten to turn off his personal recording device during the Executive Session and state he would erase the recording.

At 12:25 p.m., there being no further business to come before the Board at that time, President Booker continued the Hearing for Petition for Inclusion of Lands and adjourned the meeting. Meeting Adjourned



Secretary



President