

CALL TO ORDER

At 7:00 PM, Chairman Foster called the January 09, 2018 Regular Board Meeting of the Moses Lake Irrigation and Rehabilitation District to order. The record shows that all current Board of Directors were present. Legal Counsel, Brian Iller and General Manager, Chris Overland was also present. The record indicates that this meeting was recorded. The Pledge of Allegiance was then recited.

DISCUSSION OF AGENDA ITEM(S)

Chairman Foster called on the board members, and the audience for discussion on any agenda items and Don Beckley asked to speak on an agenda item. Chairman Foster noted that Mr. Beckley was scheduled to speak at Presentations – Agenda, Item 5.

DISCUSSION OF NON-AGENDA ITEM(S)

Chairman Foster called on the board members and the audience for discussion on any non-agenda items, and nothing was brought forward.

RECOGNITION OF DIRECTOR MARY PERRY

Chairman Foster thanked Mary Perry for her service to the Moses Lake Irrigation and Rehabilitation District. Mary Perry said she enjoyed her time serving and feels like she is leaving at a time that the Board is very functional with a great MLIRD staff. Chairman Foster informed her that her term is now over; however, she was more than welcome to stay and participate as a ratepayer. Mary Perry wished the District good luck and hopes the person who takes her position has as much interest in the District as the Board would want them too.

ELECTION OF BOARD OFFICERS

Chairman Foster called on the board members for nominations for the 2018 MLIRD Board Officers. Vice Chairman Bailey nominated Mr. Jeff Foster for 2018 Chairman of the Board. Director Teals seconded the motion. Legal Counsel, Brian Iller asked if there were any other nominations. Director Dexter nominated Mr. Bill Bailey for Chairman of the Board. Director Dexter's motion failed for lack of a second. Being that there were no other nominations for 2018 Chairman of the Board, the nominations were then closed. The motion was then carried unanimously. Chairman Foster nominated Mr. Bill Bailey for Vice Chairman of the Board. Director Dexter seconded the nomination. Being that there were no other nominations for 2018 Vice Chairman of the Board, the nominations were then closed. The motion was then carried unanimously. Vice Chairman Bailey nominated General Manager, Chris Overland for the 2018 Secretary of the Board. Director Teals seconded the motion. The motion was then carried unanimously.

APPROVAL OF THE AGENDA

Chairman Foster then called on the board members to approve the agenda. Vice Chairman Bailey made a motion to approve the agenda with the amendment of Item 9b to read "Approve the Assessment Roll." Director Dexter seconded the motion. The motion was then carried unanimously.

APPROVAL OF CONSENT AGENDA

Chairman Foster called on the Board of Directors to approve the consent agenda. The consent agenda consisted of the meeting minutes from 12/12/17, the Bills/Checks (#16472 - #16498) and Voucher #1000196 totaling in \$53,072.40. Director Dexter made a motion to approve the consent agenda. Director Teals seconded the motion. Vice Chairman Bailey abstained from voting on anything related to Basin Property Management, Inc. The motion was then carried unanimously.

PRESENTATIONS

Don Beckley – Pelican Horn Trestle Causeway Work

Mr. Beckley gave a presentation on the history of cleanup at the Pelican Horn Trestle Causeway and how he believes it needs to be cleaned again and dug down a few feet to allow more water to flow through the area. Mr. Beckley said 15 years ago he rented a backhoe and cleaned that area and since then, says it has come back up another two feet. He believes this will be a simple project and will only take about two hours to complete. He said once you've dropped the water down, the lake bed will aerate and hopefully get some flotation to it and travel downstream when the pump is turned on in the spring. In order to flush the Pelican Horn area out and get the water back to the purity and cleanliness as the other parts of Moses Lake, this is the project he is requesting MLIRD do. He believes this will help for another ten years or suggested cleaning out the causeway more often. He also suggested putting one of the "Please Help Keep Our Lake Beautiful" sign in the area to deter people and kids from throwing rocks into the lake. Vice Chairman Bailey said based on the history of this being done before, it's really just a maintenance item, not a project and he believes it should be cleaned out. Director Teals shared he went out and visited the site and noticed there was quite a bit of water coming under the bridge. Director Teals asked Mr. Beckley if MLIRD dug the area down another two feet if that would increase the water flow out of Pelican Horn and Mr. Beckley replied with it would.

General Manager, Chris Overland said after speaking with Don Beckley on this matter, he went out to examine the reported issue. General Manager, Chris Overland said he does not think that scooping out the causeway is going to change the water elevation and as a public agency, MLIRD should go through the proper permitting process to do a project such as this. General Manager, Chris Overland spoke with Ryan Walker with Grette Associates about the permitting that would be required along with contacting landowners, the Railroad, the City of Moses Lake, DNR, Fish and Wildlife, and the Department of Ecology. An additional risk to MLIRD may be if something goes wrong during the project such as, with the railroad embankment or something with the causeway. The permitting alone is estimated at \$5,000 plus. In 2017, MLIRD did water testing in Pelican Horn and in looking at current phosphorus levels from sample areas as compared to late 1980's, the numbers don't appear to support potential flow problems currently, as they may have years ago. General Manager, Chris Overland says that the data tends to suggest that there is presently water flow through that area. He concluded with, what might have made the case to support the project for Mr. Beckley to clean out that area years ago does not appear to make a clear case now and suggested that the overall risk may outweigh the benefit to the District or community. General Manager, Chris Overland reported that Don Beckley approached MLIRD staff a year ago with this same project and at that time, MLIRD staff went in and cleared away the debris from underneath the trestle. General Manager, Chris Overland visited the location this year when the lake level was at its lowest point in many years. The elevation was 1041.4' and water was flowing reasonably well. General Manager, Chris Overland added that based on any risk management or return on

investment views, he does not know if this project is worth the risk exposure to the District, but wanted to offer Mr. Beckley the opportunity to present it to the Board.

Chairman Foster said he appreciated the data that Mr. Beckley has brought to the Board and the time he has spent explaining, but speaking as a Board, he thinks the Board needs to rely on what General Manager, Chris Overland has come up with and the studies he has done with Grette Associates. Director Teals said he believes it is not going to be a major project and that it doesn't have to be done this year, but believes MLIRD needs to look into it further. He thinks taking out the debris that has been accumulated over the years is a good idea and it has been a number of years since MLIRD has cleaned the area out. He says there are no landowners involved in this issue. He thinks that utilizing the Railroads' ideas and maybe even their equipment is a good idea as well. He hates to touch base with any of the other entities brought up earlier but if General Manager, Chris Overland thinks it's important then to do it. Chairman Foster asked if Director Teals would be okay with seeing more study done on the project and Director Teals said he would take that for now but eventually would like to see the project done. Vice Chairman Bailey said to tag onto what Director Teals was saying is he thinks the project needs to be done as well. He added that if General Manager, Chris Overland believes MLIRD needs permits, then he guesses MLIRD should make contact with whomever, and it needs to be decided if this is a maintenance item that will be repeated. He said he would be curious as to which permits the state had to get for cleaning out the culverts under the I-90 Bridge in 2016.

Vice Chairman Bailey reiterated again that he believes it should be done and if the Board agrees he would like to instruct General Manager, Chris Overland to go ahead and find out what permits MLIRD needs for sure and determine if the project will be a maintenance item and if it is, MLIRD needs to have the authority to clean it when it needs to be done. Chairman Foster said he doesn't know if the engineering or the hydrology is going to be such that MLIRD can lower what's north of the railroad trestle based on how high the lake is south of the trestle. Vice Chairman Bailey informed Chairman Foster that the lower part of the lake is much lower and the upper part is much higher, and the canal is what needs cleaned out to let the water drain out.

Director Dexter said he went out to the site and from what he could tell it appears people have thrown rocks in and made a dam just south of the trestle and they did it by hand. He believes the simple solution is that it can be taken out by hand and in 8 hours it would be cleaned out, there would be no permits needed, and it wouldn't cost as much money. Director Dexter also added that you could dig with a shovel and go down a few feet. Director Teals said you absolutely could, but one little problem would be underneath the rails in regards to the tight connection you would have on the fish trap as it needs to have a good solid foundation which needs mechanical equipment to do so. Director Dexter said maybe the project could happen next year or the following year, but right now just to drain it a little more you could easily dig down two feet by hand. Legal Counsel, Brian Iller asked if the consensus is to determine whether or not a permit is needed for this project. Chairman Foster added that the goal is to reduce the impediment to the water flowing out of the north side to the south side. General Manager, Chris Overland said he understood what the consensus was.

MLIRD STAFF REPORTS

General Manager, Chris Overland reported the following:

- Lake elevation was at 1042.10 feet as of January 09, 2018.
- There is not a complete financial reporting available as it is too early in the month and the reports have not come in from the County yet. Although General Manager, Chris Overland has no reason to think that there are any issues with the budget.
- General Manager, Chris Overland then reviewed the 2018 Budget with the Board of Directors. This year he implemented an assessment rate tool to better analyze the cause/effect relationship with adjusting the assessment rate. General Manager, Chris Overland set aside \$950,000 for dredging the fountain side of the lake, whether or not it gets used in 2018. He illustrated as an example that lowering the assessment rate by \$0.25 shows an assessment income of approximately \$1.5 million and the result of 2018 ending cash at approximately \$1.5 million. Chairman Foster said \$2,012,000 is the estimated assessments coming in for the 2018 year based on \$1.00 per \$1,000 assessed value. General Manager, Chris Overland said that was correct, and that number had come from the Grant County Treasurers Office back in October. Chairman Foster asked if the beginning cash for 2018 is \$2.4 million and is roughly what is on the balance sheet for December 31st, 2017 and General Manager, Chris Overland agreed and said that was correct as well. Chairman Foster also asked if at \$1.00 per \$1,000 assessed value, if approximately \$2,023,000 would be in the bank at the end of 2018 if everything for the year went as planned and MLIRD spent \$950,000 for dredging projects, and this was correct.

Vice Chairman Bailey said the total expenditures projected including the \$950,000 for dredging would be approximately \$2,235,000 at MLIRD's current assessment rate of \$1.00 and the ending cash will be \$2,023,000 and General Manager, Chris Overland said this was correct. Vice Chairman Bailey said if MLIRD lowered the assessment rate by \$0.25 and the expenses stay the same, the income changes a little, and the ending cash will be approximately \$1,500,000 which is still a lot of money to have at the end of the year he believes. Chairman Foster said MLIRD could essentially operate for a year and a half getting no assessments and still not be broke. Vice Chairman Bailey said in his mind dredging has been and continues to be a primary focus for MLIRD and MLIRD has accounted for doing a considerable amount of it for this year and into the future. Vice Chairman Bailey believes it would be wise to back off on the assessment rate and the ratepayers will certainly take notice that MLIRD is being fiscally responsible.

Chairman Foster asked if the assumptions on all the other expense line items are based on what MLIRD has done for the past few years, and they are forecasted to be where they are at with any increases that may take place in 2018 and General Manager, Chris Overland said everything is relatively the same other than the line item for dredging. Chairman Foster asked if the \$950,000 for dredging was based on preliminary bids that were not accepted and this is assuming this project will be able to be pulled off for the 2018 year and General Manager, Chris Overland agreed again. Vice Chairman Bailey said if the money wasn't used in 2018, it would end up going into the reserves for when dredging projects will be able to get done.

Director Dexter said he would not mind dropping the assessment rate down to \$0.75 and believes it would be a good thing for the community. Vice Chairman Bailey said he did not see anything that prevents MLIRD from doing so. General Manager, Chris Overland added that MLIRD is clearly remaining financially viable in doing so.

Chairman Foster said if you think back to the year 2014 when MLIRD put in the Moses Lake North Dam, the District was looking at a budget that was showing MLIRD going into the reserves and then running neck and neck as to whether or not MLIRD would have enough money in a few months. Chairman Foster congratulated General Manager, Chris Overland on getting a handle on where MLIRD is at now financially. Chairman Foster also added that financially, he thinks this is the best presentation of where MLIRD is going and what the District is doing. He thinks General Manager, Chris Overland and MLIRD Staff have done a great job of keeping track of finances. Chairman Foster said MLIRD can confidently say this is how much money the District has, how much there is to spend and what the ending year amount will be. Vice Chairman Bailey said he can remember with past Boards and past personnel that nobody seriously knew where MLIRD was at financially. Chairman Foster also expressed thanks to Kelly Buche and JR Newhouse for their continued support. Chairman Foster also added that the 2016 Audit came out clean.

Vice Chairman Bailey asked if the \$0.25 reduction in the assessment rate would come from RCW 87.03 or RCW 87.84. Chairman Foster said he personally thought the Board would want to leave the base RCW 87.84 at \$0.25 and reduce the RCW 87.03 at \$0.75 to \$0.50. Legal Counsel, Brian Iller said the \$0.25 is under RCW 87.84 which the Board refers to as rehabilitation which remains the same unless the Board decides to have an election. Legal Counsel, Brian Iller added RCW 87.03 is under irrigation, has no limit and is currently at \$0.75, and if the Board is going to cut the assessment rate, he thinks it would be best to say that the Board is reducing RCW 87.03. Vice Chairman Bailey included that the Board could increase the assessment rate again if the Board felt it needed to be. Director Teals mentioned that he was not sure where MLIRD is at with the lawsuit regarding the finances. Legal Counsel, Brian Iller said if the Board wanted to discuss that they would need to go into Executive Session. Director Teals wanted this topic discussed in Executive Session and added that he was not interested in dropping the assessment rate and said MLIRD has worked hard in order to get the finances where they are at now, and he thinks what MLIRD has is what it needs and doesn't want to see the assessment rate dropped as there are lots of needs for the District.

- Discussion was then had on MLIRD's commitment to remove or replace materials of concern to DNR during the upcoming pump station lease agreement. General Manager, Chris Overland said 12 years is a standard lease for DNR; however, we may be able to get the lease term longer. Chairman Foster said his only concern is that MLIRD is the entity who gets to determine what is replaced or not. Legal Counsel, Brian Iller said he is comfortable with the phrase "remove or replace" because if the Board decides that within the 12 year lease period that MLIRD does not have the money to replace the materials, then it can just be removed. Chairman Foster said he would be most comfortable with saying "replace with suitable design and materials as approved by the Board or removed altogether." Director Dexter asked if MLIRD did not sign a lease, would DNR remove the dock and pilings or who was responsible for the dock? Legal Counsel, Brian Iller said he would need to read the lease. Director Dexter expressed that he read more on Dr. Kenneth Brooks

who is an Environmental Response person that has been hired by the US Government for the last 12 years who has studied creosote pilings, and he does not believe they cause any environmental issues and if they are under water can last up to 100 years according to him. Director Dexter said MLIRD needs to know all of the options before signing a lease again. Chairman Foster said General Manager, Chris Overland's concern is that if MLIRD plays too much hard ball it is going to be more difficult for MLIRD to get what is needed for upcoming dredging projects. Chairman Foster added that the Board agrees that creosote isn't an issue but DNR is making it an issue. Director Dexter does not think making DNR provide more science and proof is going to get any of MLIRD's dredging projects rejected by them.

- Lakeshore Cleanup is scheduled for March 24th, 2018.

EXECUTIVE SESSION

The Board went into Executive Session at 8:15 PM to discuss with Legal Counsel potential litigation in the form of the legal risks of a current practice or proposed action as authorized by RCW 42.30.110 (1)(i)(iii) also to discuss pending litigation as authorized by RCW 42.30.110(1)(i). The expected time was 20 minutes, and the Board was to return at 8:35 PM. Legal Counsel, Brian Iller indicated that there may or may not be further action taken as a result of the discussion in Executive Session.

The Board entered back into Regular Session at 8:35 PM.

ACTION ITEMS

Vice Chairman Bailey further discussed the 2018 Budget and any impacts a lower assessment rate might have for the 2018 year. He believes he is comfortable with lowering the assessment rate by \$0.25 if in doing so it still leaves MLIRD with approximately \$1.5 million in cash reserves at the end of the 2018 year. Vice Chairman Bailey then made a motion to approve the 2018 Budget with the amendment of the assessment rate lowered to reflect \$0.75 per \$1,000 assessed value. Legal Counsel, Brian Iller added in that the division of the assessment rate would be \$0.25 for RCW 87.84 and \$0.50 for RCW 87.03. Director Dexter seconded the motion. Chairman Foster called for a vote, and Vice Chairman Bailey and Director Dexter voted for the motion while Director Teals voted against the motion. The motion carried.

Director Dexter made a motion to approve the 2018 Assessment Roll with the amendment of the assessment rate set at \$0.75 per \$1,000 assessed value for the 2018 year. Vice Chairman Bailey seconded the motion. The motion was then carried unanimously.

WORKSHOP/DIRECTOR QUESTIONS and/or COMMENTS

Director Teals said he was checking things over in the lake recently which is currently down a lot lower than normal which he believes provides a lot of opportunity for MLIRD. He would like to see in addition with General Manager, Chris Overland checking in about permits and discussion regarding the Pelican Horn Trestle Causeway work that he also looks at mechanical dredging. He was behind Walmart and sent a probe down into the lakebed about 30 feet from the shoreline and the probe went down 4 feet and didn't hit any rocks. He mentioned if MLIRD wanted to have some laborers go out there with a shovel and when it is frozen like that pick it up and drop it in a truck and haul it off. Director Teals thinks MLIRD could mechanically remove tons of dirt in that area. He asked that General Manager, Chris Overland look into that and see if that could be done. Chairman Foster said he seems to remember a year ago it was talked

about obtaining a mechanical dredging permit but not sure where it was left at.

Vice Chairman Bailey said MLIRD determined that the next part of the dredging project is the south side of the Fill and restricted by access is a major problem, so mechanical dredging may not work there. However, it was Vice Chairman Bailey's understanding at that time and based on what Grette Associates opinions; that in the future when there are areas MLIRD could mechanically clean that MLIRD should apply for that especially after having a good history with hydraulically dredging. Vice Chairman Bailey said this would require a whole new permit process and he doesn't know whether MLIRD has the access or the ability to get down where it needs to be to get the material out. He added that it just needs to be looked into at whether or not it is even possible and then look into new permits or an amendment to the existing permit. Director Teals said that's fine; however, it just needs to be looked at because it would be simple to do. Chairman Foster added that MLIRD shouldn't just do it because it would be simple to do just for the sake of doing it if it doesn't gain MLIRD something else down the road and he believes mechanically dredging along the Walmart side of the lake doesn't accomplish something by creating settling ponds that we've already planned. Chairman Foster wants to see MLIRD maintain the focus on slowing down the sediment moving into the lake. Director Teals believes it will because it was not this way generations ago. He added that it appears MLIRD is not going to be able to do any dredging on the West side of Alder Street Fill in the next year, even though he hopes that MLIRD would. However, in the meanwhile, MLIRD has the opportunity, and the budget shows there are funds, and MLIRD has the equipment and material to do so. He mentioned that it may be too late for this year but it is not too late for a next year's project. General Manager, Chris Overland said he would make contact with Grette Associates.

ADJOURNMENT

The meeting was adjourned at 8:48 PM.

Jeffrey B. Foster, Chairman

Bill Bailey, Vice Chairman

Vacant, Director

Kris Dexter, Director

Richard Teals, Director

By: _____
Secretary to the Board of Directors