

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

September 5, 2018

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 Orman Johnson.

Present were:

Directors

Orman Johnson
Boe Clausen
Bernie Erickson
Dennis Mickelsen
Duaine Anderson

Staff

Craig Simpson
Rosa Dekker
John McCourtie
Nate Andreini
Jed Crowther
Wendy Lange
Anna Franz

Visitors: Marc Maynard, Jennifer Hickenbottom, Amy Rodman and Karissa Fromm, USBR; Kevin Brown and Melissa Downes, DOE; Christina Wyatt, BBEC; Matt Hampton, Jake Wollman Jr., Michele Kiesz, Paul Wollman, Mark Booker, Ross Fox, Jeff Schmidt, Derek Friehe, Alice Weber, Gavin Johnson, Kevin Lyle, and Matt Hawley.

Visitors

Minutes of the regular meeting of August 8, 2018, and the continued meeting of August 24, 2018, had been mailed to the Directors. Following discussion, Director Clausen moved to approve the minutes of the regular meeting of August 8, 2018, and the continued meeting of August 24, 2018, as written. Director Anderson seconded the motion.

Minutes
Approved

USBR EFO Manager Marc Maynard introduced Realty Specialist Karissa Fromm.

Public Comment

Mr. Jeff Schmidt presented an issue with a scheduled 2018-19 conservation project involving a return flow. He is opposed to paying approximately \$24,000 to increase the pipe size to accommodate his return flow. He has an unpermitted return that has been in place since before he purchased the land. He questioned why the facility was selected and stated that he had not requested the work to be done. Manager Simpson told him that he can discuss alternatives with District staff but District policy states that landowners are responsible for their return flow.

Mr. Ross Fox distributed photos and a map to the Board and stated his land that has been ruined due to seepage from the EL85 lateral. He is requesting approximately 15 cfs of water from the EL86.4 system in return for granting an easement for that system.

Mr. Mark Booker made note of a discrepancy referencing a litter to be written in the official ECBID Minute Book regarding the draft July board minutes. President Johnson assured him that it was taken care of and is documented in the minutes of the regular August Board meeting.

Mr. Matt Hampton asked for a permit extension for his temporary bridge crossings. Costs have increased and he is working with developers that may help share those costs. He is requesting a one year extension. Manager Simpson asked that Mr. Hampton meet with District staff to get more information before proceeding.

Assistant Manager Andreini presented the following permits a. and b., for approval:

District Improvements

Permits

- | | | |
|------------------------|-----------------------------|------------------|
| a. Grant PUD | Utility Crossing – Multiple | Block 40 |
| b. Col Basin Hotel Ptn | Buried Pipe Crossing | Block 41, FU 122 |

Following discussion, Director Anderson moved to approve permits a. and b., as presented. Director Clausen seconded and 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 Clausen moved to approve for payment check nos. 311553 through 311751 in the amount of \$483,359.44 and electronic Payroll and AP transfer in the amount of \$497,222.27 for a total of \$873,668.30 from the O&M Fund, and \$106,913.41 from the 2016 Project Fund. Director Mickelsen seconded and the motion carried.

Vouchers

Development Coordinator Crowther gave an update of recent activities. There was a Legislative/Big Bend tour of OGWRP facilities in August. Newsletters will be mailed to landowners this month.

OGWRP
a. Development Office Report

Manager Simpson reported on OGWRP discussions with USBR regarding the most beneficial use of available federal funding. USBR has tried to identify opportunities that limit reimbursement of the funds. EFO Manager Maynard explained the use of Reclamation funds available for OGWRP. EFO Manager Maynard said the 2018 funds will be used at the Denver TSC for design review and modeling. The 2019 funds can be used for radial gates on the ELC. He also offered clarification that delivery system designs are expected to be developed to 30% design before Reclamation review.

Manager Simpson requested an executive session to discuss potential litigation for condemnation proceedings.

b. EL47.5 Update

Assistant Manager Andreini gave a construction update.

Assistant Manager Andreini reported NHC's scope of work to redo the physical model study to include the additional 2,000 acres is in the amount of \$65,600.00. This will need to be completed in order to satisfy USBR and the cost is in addition to the \$145,000

1) Physical Model Study Update

already spent. He reported the physical model study will take 10 weeks to complete and NHC can begin in a month. Following discussion, Director Mickelsen moved to approve NHC's scope of work in the amount of \$65,600.00 for the completion of a physical model study. Director Clausen seconded and the motion carried with Director Erickson abstaining.

Manager Simpson reported contracts have been re-offered to Mr. Swinger and Ms. Kiesz. At this time Ms. Kiesz has not responded. Ms. Kiesz disagreed stating she had responded with her issues prior to the re-offer letter. Mr. Swinger has stated interest and is considering paying the additional costs to upsize the pipeline in order for it to get to his land. Manager Simpson stated the landowners may need the deadline to sign the contracts extended.

Ms. Kiesz asked for an executive session with the board and attorney only. Attorney Franz stated Ms. Kiesz's issue would have to be discussed in an open meeting unless it qualifies for executive session. Director Erickson moved to allow Ms. Kiesz to discuss her issue at this time. Director Clausen seconded and the motion carried. Ms. Kiesz requested everyone leave except the board and Attorney Franz. Attorney Franz reminded Ms. Kiesz that this is an open meeting. Ms. Kiesz presented information regarding a fine she received from DOE. She stated the information shows that the District and CBDL supported fines being imposed upon her, for the illegal use of groundwater from DOE wells. Ms. Kiesz asked the board if permission was given to staff to speak with DOE regarding her case. Attorney Franz commented the information the board just received and other facts will need to be reviewed before the board can comment.

Director Mickelsen moved to extend the contract signature deadline for the contract re-offers on the EL 47.5 system to 30 days from the September 24th expiration date. Director Clausen seconded and the motion carried with Director Erickson voting nay.

Development Coordinator Crowther reported the EL11.8 landowner group is considering expanding the total acres to be served and will be contacting DOE regarding which water rights they can move.

c. EL11.8 MOU Update

Development Coordinator Crowther reported there is an EL22.1 landowner group meeting scheduled for next week.

d. EL22.1 MOU Update

Development Coordinator Crowther reported the EL79.2 landowner group is actively preparing an early concept level of design.

EL79.2 MOU Update

Development Coordinator Crowther reported the EL86.4 landowner group is still determining participation. The MOU is not fully signed at this time.

EL86.4 MOU Update

Manager Simpson reported on the August 30th Amendment to the Renewal MWSC negotiations. He reported on good progress at the last negotiation session and the District should have a new draft next week. He requested the Amendment to the Renewal MWSC discussion continue in executive session.

MWSC Amendment

President Johnson declared an executive session at 11:25 p.m., for approximately 30 minutes, to discuss contract negotiations. The meeting returned to regular session at 12:30 p.m.

Executive Session

The meeting recessed for lunch at 12:30 p.m. and reconvened at 1:30 p.m.

Assistant Manager McCourtie requested authorization to purchase Siemens brand flow meters from the District's sole source provider, Unit Process. Following discussion, Director Clausen moved to authorize the purchase of flow meters from Unit Process, as requested. Director Anderson seconded and the motion carried.

Quotes and Bids

Assistant Manager Andreini requested authorization to call for conservation pipeline pipe bids (PIPE-18-04). He reported one of the pipelines is what Mr. Schmidt (EL68T5) was here about and can be removed from the project list. Following discussion, Director Clausen moved to authorize a call for conservation pipeline pipe bids minus the EL68T5 pipeline, as requested. Director Anderson seconded and the motion carried.

Development Coordinator Crowther requested authorization to call for bids for construction of the Kansas Prairie Siphons No. 1 and No. 2. Following discussion, Director Clausen moved to authorize a call for construction bids for the Kansas Prairie Siphons No. 1 and No. 2, as requested. Director Anderson seconded and the motion carried.

Manager Simpson reported on the August 22nd Diversion Rate meeting. USBR is looking at using a net proportional benefit cost distribution per BPA's request. The current methodology basis is on use rather than benefit.

Diversion Rates

Manager Simpson reported CBHP submitted the North Dam Project for Puget Sound Energy RFPs and is soliciting RFPs for small hydro projects on existing FERC permits. He reported CBHP Manager Culbertson requested feedback on proposals for purchasing an equity interest in the existing hydro plants and the new North Dam project.

Columbia Basin Hydropower

Manager Simpson reported on the August 13th Reserved Works meeting. He commented the Reserved Works budget for 2019 has been set but it's unclear if the indirect expenses are correct.

Reserved Works

USBR EFO Manager Maynard reported USBR has started a program to bring USBR staff to District board meetings and re-introduced realty specialist Karissa Fromm. He reported on staffing updates and discussed the supplemental feed route issues.

USBR Report

Safety Supervisor Walraf gave the monthly safety report.

Safety Report

Assistant Manager Andreini gave a report of last month's activities for the engineering department.

Technical Services Report

Treasurer Dekker presented the monthly Treasurer's report. She reported on investments and maturities for the month.

Treasurer Report

Assistant Manager McCourtie gave the monthly O&M report. He introduced Canal Maintenance Worker Sam Salinas, Relief Rider Tom Todd and Pump Mechanic Paul Garza. Assistant Manager McCourtie reported on a MSHA visit, gradall settlement, a plugged drain causing a road to wash out, a body found in the EL68 and an overtopping of a division box that caused minor flooding.

Assistant
Manager O&M
Report

Manager Simpson reported on past and upcoming meetings, multiple interviews and the budget.

Manager Report

Director Erickson moved to authorize the Board, Manager Simpson and appropriate staff to attend the NWRA Annual Conference, November 7-9, 2018, Hotel Del Coronado, San Diego, CA and President Johnson to travel with CBDL to Washington, D.C., September 9-11, 2018. Director Clausen seconded and the motion carried.

Future Meetings

Ms. Kiesz requested a time to meet with the board to discuss her water service contract. President Johnson stated she could be an agenda item at the continued meeting.

Other

It was the consensus of the Board to continue the meeting to September 18th at 1:00 p.m. in CBHP's boardroom in Ephrata.

The meeting recessed at 2:42 p.m. and reconvened at 2:51 p.m.

President Johnson declared an executive session at 2:51 p.m., for approximately 30 minutes, to discuss personnel performance. The meeting came out of executive session at 3:23 p.m.

Executive
Session

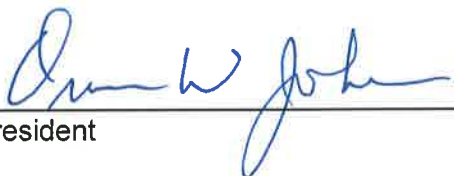
Director Erickson moved to increase Manager Simpson's salary 4%. The motion failed for lack of a second. Following discussion, Director Anderson moved to increase Manager Simpson's salary 5% annually beginning the next pay period. Director Clausen seconded and the motion carried with President Johnson voting aye and Director Erickson voting nay.

At 3:40 p.m., there being no further business to come before the Board at that time, President Johnson continued the meeting to Tuesday, September 18th at 1:00 p.m. in the CBHP's boardroom in Ephrata.

Meeting
Continued.



Secretary



President

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

September 18, 2018

The continued meeting of the Board of Directors of the East Columbia Basin Irrigation District was called to order at 1:00 p.m. in the Board Room of the CBHP by President Orman Johnson.

Present were:

Directors

Orman Johnson
Boe Clausen
Bernie Erickson
Duaine Anderson

Staff

Craig Simpson
John McCourtie
Nate Andreini
Jed Crowther
Wendy Lange
Anna Franz

Visitors: Jake Wollman Jr., Michele Kiesz, Clark Kagele, Steve Matthews, and Bill Linds.

Manager Simpson presented and read aloud Resolution 2018-12, Authorizing District Staff to Approve and Issue Permits. Following discussion, Director Anderson moved to adopt Resolution 2018-12, as presented. Director Clausen seconded and the motion carried.

Resolution 2018-12

Ms. Kiesz's attorney, Mr. Steve Matthews asked the Board to set up a meeting between the Board and irrigators to discuss proposed and pending contracts. Attorney Franz stated that is what the Board is here to do today. Mr. Matthews gave an opening statement and spoke on federal law requirements specifically Reclamation Law of 1939, the ability to pay, underlying reason for the OGWRP, environmental concerns, the affordability of contracts, liability concerns and legal issues of the water service contracts. Attorney Franz stated any legal issues with the water service contracts can be discussed in executive session. Ms. Kiesz stated she would like Mr. Jake Wollman and his attorney to be a part of today's discussion as well.

OGWRP

a. Kiesz WSC Discussion

President Johnson commented there are landowners that want and need the water and it will cost them less than what deep wells currently cost. The ability to pay is challenging but is acceptable to those willing to move forward. Ms. Kiesz stated that the final cost is not known at this time. President Johnson replied yes it is. The \$190 cap along with the 75% cost of O&M and this has been known for some time now. He stated the District and Ms. Kiesz have been looking for outside funding sources. The only reason the EL47.5 delivery system is not moving forward is because of the withholding of easements.

Ms. Kiesz asked if the Reclamation Law of 1939 applies now that Reclamation is involved. Attorney Franz stated federal appropriations are repayable and the ability to pay is incorporated in setting rates for Reclamation's portion of repayment charges. The District rate setting is separate from Reclamation rates. Attorney Franz also stated the District is obligated to use the form contract provided by Reclamation as it is an exhibit of the MWSC. Ms. Kiesz requested to have her attorney and Attorney Franz speak further on this. Mr. Clark Kagele commented he also shared concerns on the liability issue. Mr. Kagele also stated that the EL22.1 delivery system will likely be above the \$190 capital cost cap and expressed concerns for smaller landowners unable to take on additional cost.

Manager Simpson reported that following discussions at the EL22.1 landowner meeting, OCR Director Tom Tebb will make \$250,000 available to each system for design costs. Manager Simpson stated staff is working with Attorney Franz on determining if there is a legal course that will allow the District to distribute the funds to each system's design. He also stated the \$250,000 is likely to cover only portions the cost of preliminary designs, but not enough for 30% design.

b. OCR Funded Grant Program

Manager Simpson reported the District received a new draft Amendment to the Renewal MWSC last week. The draft is not executable at this time, there are a few items to clarify with USBR. Manager Simpson requested executive session to continue MWSC discussions.

MWSC Amendment

President Johnson requested Board consensus to allow Attorney Franz to continue water service contract discussions with Ms. Kiesz's attorney, Steve Matthews. Following discussion, it was the consensus of the Board for Attorney Franz to continue water service contract discussions, as requested by Ms. Kiesz.

President Johnson declared an executive session at 2:30 p.m. for approximately 45 minutes to discuss contract negotiations. The meeting returned to regular session at 3:15 p.m.

Executive Session

Manager Simpson reported on the 508-14 meeting he attended this morning.

At 3:18 p.m., there being no further business to come before the Board at that time, President Johnson adjourned the meeting.

Meeting Adjourned



President



Secretary