

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, APRIL 16, 2008

The Board of Directors of the Farmers Irrigation District met on Wednesday, April 16, 2008, at the district office for the purpose of conducting its regular monthly business. Those in attendance were directors Steve Benton, Don Chandler, and Allan Henderson; District Manager, Mike Kleinsmith; Office and Finance Administrator, Cathy Roberts; Attorney, Jeff Baker; Administrative Assistant, June Brock; Hydro-System Operator, Joe May and System Supervisor, Jamie Kind. Guests in attendance were Peter Richardson (renewable energy and utility sales attorney), Paul Woodin (CREA), and Les Perkins and Julie O’Shea of FCA.

Chairman Steve Benton called the meeting to order at 11:05 a.m.

MONTHLY BUSINESS:

The minutes of the March 19, 2008 board meeting were presented and discussed. It was moved by Allan Henderson and seconded by Don Chandler to approve the minutes. The motion passed with all in favor.

The O&M bills for the month of April 2008 were presented and discussed. It was moved by Don Chandler and seconded by Allan Henderson to approve the bills in the amount of \$40,554.81. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

a) Paul Woodin, Executive Director of CREA (Community Renewable Energy Association), gave a power point presentation providing extensive introductory background material regarding renewables and renewable energy rates now and in the future. The District could possibly be eligible for “green tags,” which provide a premium on regular power sales, through the Low Impact Hydropower Institute (LIHI) certification program. Manager Mike Kleinsmith and staff are working to obtain LIHI Certification. (see also **Section b of Other Business**, below.)

b) Energy law attorney Peter Richardson of Richardson and O’Leary gave a power point presentation to the board providing a detailed outlook of the value and growth of renewable energy facilities in the Pacific Northwest. Peter presented details regarding so-called “avoided cost” power sales contracts and the power sales opportunities available to small-scale hydroelectric producers like Farmers Irrigation District. (See also **Section b of Other Business**, below.)

c) Julie O’Shea and Les Perkins of FCA requested that the Board review the FCA’s current license agreement in order to consider changing the royalty structure and establish a “cure

period” regarding any issues around termination or renewal extension requests (see attached). Jeff Baker suggested adjusting the language in the contract between FID and FCA. It was motioned by Don Chandler and seconded by Allan Henderson that Jeff Baker be authorized to amend the existing FID - FCA contract and present to the Board for final adoption.

CORRESPONDENCE: None

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the district has received \$89,885.27 in payments since the March board meeting (82% of receivables this year compared to 76% last year). The End of Month District cash balance for March is \$179,493.12 above projection.
- b) Water Supply and Production – Hydropower production for March was projected at 2,650,000 kWh. Actual production was 3,103,780 kWh, resulting in an additional \$105,641.40.
- c) Manager Mike Kleinsmith requested authorization from the Board to enter into the State Revolving Fund (SRF) DEQ loan up to the amount of \$6,000,000 to build the Lower District Pressurization Project and other final District pressurization projects. Following Board review of the District budget and cash flow spreadsheets and the SRF debt payment schedule, it was motioned by Don Chandler and seconded by Allan Henderson that the District move forward on the loan from SRF DEQ. The motion passed with all in favor.
- d) Mike Kleinsmith informed the Board that he convened a meeting at the District office on April 10th, 2008 with officials from ODOT, Hood River County, the Port of Hood River, and Jeff Baker to discuss potential storm water drainage issues that might arise as the District completes its last pressurization projects. After much discussion in the course of the meeting, no one really had a solution as to how to address this matter. Mike presented a letter to the Board that he sent to the Hood River County regarding the District’s intentions to abandon its old and outmoded irrigation ditches, which have never been intentionally used as drainage ditches by the District. (see attached).

LEGAL:

- a) Jeff Baker and Mike will present amendments to the District’s Contract Review Board Rules to the District Board for adoption to ensure that District contracting rules are up-to-date.
- b) An Offer to Purchase the 1978 Bombardier “Bombi” Snowcat was received at the District office from Sales Unlimited of Weiser, Idaho, in the amount of \$7500.00 to be sold “as is” (see attached) A waiver would be signed by the purchaser. The District sought offers from other prospective purchasers but received no other offers. The District purchased the snowcat for \$5000 several years ago. A motion was made by Allan

Henderson and seconded by Don Chandler to accept the purchase offer of \$7500.00. The motion passed with all in favor.

OTHER BUSINESS:

- a) Steve Benton informed the board that the test results from the two water samples taken from the District system for GAP (Good Agricultural Practices) showed E.coli and coliform bacteria present at the Farmers Canal headgate and coliform bacteria only at Forbay 3.

- b) Chairman Steve Benton adjourned the meeting and then rescinded his adjournment by consent of the Board to complete business under **Section a** and **b** of **Business from the Floor** (above). A motion was made by Don Chandler and seconded by Allan Henderson to retain Peter Richardson and Paul Woodin to negotiate the District's future power sales contracts. The motion passed with all in favor.

ADJOURNMENT:

There being no further business, Chairman Benton adjourned the meeting at 1:11 p.m.

Signed: _____
Steve Benton, Chairman

Attest: _____
Tim Annala, Secretary