

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, NOVEMBER 19, 2008

The Board of Directors of the Farmers Irrigation District met on Wednesday, November 19, 2008, at the district office for the purpose of conducting its regular monthly business. Those in attendance were directors Steve Benton, Don Chandler, Tim Annala, Bob Nickelsen and Allan Henderson; District Manager, Mike Kleinsmith; Financial Administrator, Cathy Roberts; Attorney, Jeff Baker and Administrative Assistant June Brock. Julie O'Shea of FCA was also in attendance.

Chairman Steve Benton called the meeting to order at 11:01 a.m.

MONTHLY BUSINESS:

The minutes of the October 15, 2008 board meeting were presented and discussed. It was moved by Bob Nickelsen and seconded by Tim Annala to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the month of November 2008 were presented and discussed. It was moved by Bob Nickelsen and seconded by Don Chandler to approve the bills in the amount of \$207,463.28. The motion passed with all in favor.

The LDPP Disbursement #3 for the month of November was presented and discussed (see attached). It was moved by Don Chandler and seconded by Tim Annala to approve the payments in the amount of \$303,047.71. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

FCA – Julie O'Shea gave the Board an update of installed and pending screen projects, upcoming staff positions, marketing tools and recent news articles etc (see attached). Since FCA was featured on the front page of the Oregonian, FCA has been receiving one to two calls a week for information or screen orders. Many screens have been installed in Montana, Idaho and Wyoming with great reviews. FCA is also looking into the possibility of using screens in California (CALTRANS) for storm water management, which would greatly increase their revenue. FCA has received a grant from the Lemelson Foundation which will provide funding for two years for one full-time marketing consultant and one part-time engineer. Les Perkins is focusing most of his time on working with agencies to make the sale and installation of screens a smoother process. The National Marine Fisheries Service (NMFS) has not approved the screens in Oregon as fish-friendly, and would like to test the screens more extensively. The Confederated Tribe of Warm Springs (CTWS) will test the screens for endangered species at no cost to FCA. Mike informed the Board that Farmers Irrigation District will also help with the cost of fish testing.

CORRESPONDENCE:

The Board reviewed a draft letter from Ice Fountain Water District to Don Wiley regarding the construction practices in County Right of Way (see attached).

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the district has received \$115,947.60 in payments since the October board meeting. The A/R balance is at 18% versus 19% last year.
- b) Hydro production for October was projected at 1.75 million kWh. Actual production was 576,021 kWh due to the annual maintenance outage, Plant 2 maintenance and the Pine Creek Pipe project. Hydro production for November is projected at 2.5 million kWh; as of November 17th we have produced 994,912 kWh. The end-of-the-month balance was projected at \$269,333.08; the actual ending balance was \$798,855.83.
- c) Manager’s Report - Mike Kleinsmith reported that we currently have 88 cfs flowing through plant #2 and 20 cfs through plant #3. The lower reservoir is empty and the upper reservoir is nearly empty.
- d) Longview Fibre has been clear-cutting up at Dead Point directly over the District easement. In doing so, Longview Fibre punctured the District pipeline in several places resulting in a washout at the Dee Fish Hatchery. Hanel Development was brought in by Longview Fibre to make the repairs to the District pipeline. To-date, the District has suffered an estimated loss of approximately \$20,000 in hydro revenue due to the pipe being shut down for necessary repairs. The District will send a bill to Longview Fibre to recoup hydro revenue losses.
- e) Power Sales Contracts – Mike presented several scenarios to the Board including avoided cost rates (ACR) length and terms of contracts to determine if it is in the District’s best interest to wait or lock-in now at the current guaranteed rates presented by PacifiCorp. After much discussion it was moved by Tim Annala and seconded by Don Chandler that the District lock-in at the current rates as presented for a 20-year contract for both Plant #2 and Plant #3. The motion passed with all in favor.
- f) LDPP – Mike informed the Board that the Lower District Pressurization Project is on-schedule with Kerr’s newly accelerated schedule. Next month (December) Jerry Bryan will give a complete update of the Lower District Pressurization Project.

LEGAL:

It was moved by Don Chandler and seconded by Tim Annala to move into Contract Review Board session. The motion passed with all in favor.

- a) Resolution 09-08 – Adoption of Amended Contract Review Board rules.
It was moved by Tim Annala and seconded by Allan Henderson to adopt Resolution 09-08 (see attached). The motion passed with all in favor.
- b) Resolution 10-08 – Change Order for the LDPP (Pump for Plant 3) between the Contract Review Board and Kerr Contractors. It was moved by Bob Nickelsen and seconded by Tim Annala to adopt Resolution 10-08 (see attached). The motion passed with all in favor.

It was moved by Allan Henderson and seconded by Bob Nickelsen to move out of Contract Review Board session. The motion passed with all in favor.

- c) Modified Letter of Engagement – Since the District received more than \$500,000 in federal funds in 2007, an additional single-audit is required to address legal requirements. It was moved by Don Chandler and seconded by Tim Annala to authorize signature of the modified Letter of Engagement, as presented. The motion passed with all in favor.
- d) Personnel Policy review and adoption – It was moved by Don Chandler and seconded by Tim Annala to table the Personnel Policy review and adoption to the December board meeting. The motion passed with all in favor.
- d) Foreclosure Status – Jeff Baker presented a draft foreclosure letter to the Board (see attached) for the following accounts that are in foreclosure:

Donald & Kristy Buchanan
Jessie & Michelle Coefield
Jerry & Kristin Nuss
Larry & Maxine Whitaker

The board directed Jeff to send out the foreclosure letters as presented.

OTHER BUSINESS: None

ADJOURNMENT:

There being no further business, the meeting was adjourned at 1:05 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman