

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, JANUARY 21, 2009

The Board of Directors of the Farmers Irrigation District met on Wednesday, January 21, 2009, at the District office for the purpose of conducting its annual meeting and 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; Water Right Specialist, Rick Brock; 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 11:00 a.m.

ANNUAL BUSINESS:

Directors Don Chandler, Tim Annala, Steve Benton, Bob Nickelsen and Allan Henderson took official oaths of office.

Chairman Steve Benton opened the nominations for Chairman.

A motion was made by Don Chandler to nominate Steve Benton for Chairman. Bob Nickelsen seconded the motion. A motion was made by Tim Annala and Bob Nickelsen seconded by to close the nominations and cast a unanimous ballot for Steve Benton as Chairman. The unanimous ballot was cast with Tim Annala, Don Chandler, Steve Benton, Bob Nickelsen and Allan Henderson voting aye.

Chairman Steve Benton opened the nominations for Vice-Chairman.

A motion was made by Don Chandler to nominate Allan Henderson for Vice-Chairman. Bob Nickelsen seconded the motion. A motion was made by Bob Nickelsen and seconded by Steve Benton to close the nominations and cast a unanimous ballot for Allan Henderson as Vice-Chairman. The unanimous ballot was cast with Tim Annala, Don Chandler, Steve Benton, Bob Nickelsen and Allan Henderson voting aye.

Chairman Steve Benton opened the nomination for Secretary.

A motion was made by Don Chandler to nominate Tim Annala for Secretary-Treasurer. Bob Nickelsen seconded the motion. A motion was made by Allan Henderson and seconded by Bob Nickelsen to close the nominations and cast a unanimous ballot for Tim Annala as Secretary-Treasurer. The unanimous ballot was cast with Don Chandler, Tim Annala, Steve Benton, Bob Nickelsen and Allan Henderson voting aye.

BUDGET COMMITTEE:

A motion was made by Bob Nickelsen and seconded by Tim Annala to appoint Andy von Flotow, Richard Hanners, Bobby Benton, Kevin Asai and Randy Franz as the Budget Committee. The motion passed with Don Chandler, Tim Annala, Steve Benton, Bob Nickelsen and Allan Henderson in favor.

DEPOSIT OF FUNDS:

A motion was made by Don Chandler and seconded by Bob Nickelsen to adopt Resolution 01-09 appointing Columbia River Bank as the District's depository for 2009 with additional funds to be held at Oregon State Treasury, Local Government Pool. The Board of Directors and the Water Rights Specialist are authorized to sign on the accounts with two signatures required, one of which must be from a director. The Director of Administration is authorized as Custodian of Records and will make Local Government Pool account transactions per established guidelines. The motion passed with Don Chandler, Tim Annala, Steve Benton, Bob Nickelsen and Allan Henderson in favor.

REGULAR MEETING DATES:

A motion was made by Bob Nickelsen and seconded by Tim Annala to adopt Resolution 02-09 setting the regular meeting days for 2009 on the third Wednesday of each month according to the following schedule:

January through December—11:00 a.m.

All meetings will be held at the District office located at 1985 Country Club Road, Hood River, Oregon. The motion passed with those aye votes being Don Chandler, Tim Annala, Steve Benton, Bob Nickelsen and Allan Henderson.

ANNUAL BOARD MEETING DATE:

A motion was made by Allan Henderson and seconded by Don Chandler to adopt Resolution 03-09 establishing January 20, 2010, at 11:00 a.m. as the date of the Year 2010 Annual Board Meeting. The meeting will be held at the District office located at 1985 Country Club Road, Hood River, Oregon. The motion passed with those aye votes being Don Chandler, Tim Annala, Steve Benton, Bob Nickelsen and Allan Henderson.

BILLING AND COLLECTION OF CHARGES:

A motion was made by Allan Henderson and seconded by Tim Annala to adopt Resolution 04-09 citing the specific manners in which the District will charge for required funds. The motion passed with those aye votes being Don Chandler, Tim Annala, Steve Benton, Bob Nickelsen and Allan Henderson.

AGENT OF RECORD:

It was moved by Tim Annala and seconded by Bob Nickelsen to designate Mark Malland of Terril, Lewis and Wilke as Agent of Record for the District's General Liability Coverage. The motion passed with all in favor.

ATTORNEY OF RECORD:

It was moved by Allan Henderson and seconded by Don Chandler to designate Jeff Baker of Annala, Carey and Baker as Attorney of Record for the District. The motion passed with all in favor.

AUDITOR OF RECORD:

It was moved by Don Chandler and seconded by Bob Nickelsen to designate Arens & Associates as Auditor of Record for the District. The motion passed with all in favor.

MONTHLY BUSINESS:

Chairman Steve Benton called the monthly meeting to order at 11:16 a.m.

The minutes of the December 17, 2008 Board meeting were presented and discussed. It was moved by Allan Henderson and seconded by Don Chandler to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the month of January 2009 were presented and discussed. It was moved by Bob Nickelsen and seconded by Tim Annala to approve the bills in the amount of \$412,068.81. The motion passed with all in favor.

The LDPP Disbursement for the month of December was presented (see attached). It was moved by Don Chandler and seconded by Tim Annala to approve the payments in the amount of \$510,910.78. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

FCA-Julie O'Shea was excited to inform the board that FCA was contacted by Irrigation New Zealand, New Zealand's equivalent to OWRC (Oregon Water Resource Congress) with interest in building and installing of the FCA screens in New Zealand. Representatives flew here to see FCA's screens. Irrigation New Zealand's major concern is how the screens will deal with high algae deposits. This would be a great test for FCA's screens if they were to overcome the algae problem. Julie's major concern was patent protection and infringement, as FCA is only patented in the United States and Canada. Julie has been seeking advice from Steve Adamson, FCA's patent lawyer. Allan Henderson asked Julie if FCA has checked with the State of Oregon regarding export of business. FCA must weigh up the pro and cons of investing time and money to work with Irrigation New Zealand. Julie also informed the board that there is the possibility of receiving \$32,000 in royalties from the Sister's Irrigation District.

CORRESPONDENCE: None

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the District has received \$190,216.59 in payments since the December Board meeting, A payment of \$800.00 was received from Jesse Coefield, with the balance due by the end of January.

Hydro report – Hydro production for the month of December was projected at 2.35 million kWh, with an actual production of 1.619,088 kWh. Hydro revenue was projected at \$259,079 with actual revenue of \$188,714.03. The end of month balance for December was \$753,225.15.

- b) Manager's report – Mike Kleinsmith reported that the Lower District Pressurization Project is going well. To date we have used \$1.7 million of the projects \$3.2 million cost. Plant 3 pump station is 50% complete with the motors to arrive by February 9th.

Mike has been receiving complaints from Dykie Dye on Tucker Road. Mr. Dye is concerned about storm water run-off on his property. Mike and Kerr Contractors have met with Mr. Dye on several occasions regarding this situation. Mr. Dye would ultimately like to see the storm water re-routed somehow.

Mike has been in contact with Dave Bick of the City of Hood River. Mike was enquiring if Farmers Irrigation District would possibly receive some compensation due to the annexation of May Street. The Avalon/Belmont project cost the district approximately \$3,000,000.

Mike informed the board that the District could possibly receive OWEB grant funds for the Markham project.

On Wednesday, January 7th, the district's work shop was struck by a falling tree following a wind storm. The tree caused severe damage to the shop. On January 8th, Har-Bro General Contractors were sent by SDAO to clean up the shop and shore

up the roof until trusses and siding arrive.

LIHI –Farmers Irrigation District staff have been following up on the certification requirements from LIHI (Low Impact Hydro Institute.). Currently we are waiting for Letters of Support from ODEQ, ODF&W and NOAA. Mike has been working closely with Brian Benjamin and Rod French with ODF&W, and Bonnie Lamb with ODEQ to come up with an understanding (3 year trial run) to leave more water in-stream during the critical months of the year for fish. In exchange for this understanding, both ODF&W and ODEQ are willing to support FID in its quest to obtain LIHI certification on the methods of operation for both Plant 2 and Plant 3. Essentially they (ODF&W, ODEQ) agree that FID operates its hydro plants with minimal impact to the environment. This will potentially allow FID to obtain a premium price on the REC's (Renewable Energy Certificates) that the plants produce through generation.

- c) It was moved by Allan Henderson and seconded by Bob Nickelsen to adopt the 2009 insurance renewal as presented at the January meeting. The motion passed with all in favor. The District received an insurance discount of \$4704.00 for compliance with SDAO's Best Practice requirements.

LEGAL:

Attorney Jeff Baker made some changes in the wording of the Power of Attorney form for water right transfers. Jeff is also working with Jerry on easements for the LDPP.

OTHER BUSINESS:

Steve Benton asked Mike if the District has a valid intergovernmental agreement with the City of Hood River. The current intergovernmental agreement is not signed. Mike is going to consult with Dave Bick and Arthur Babitz of the Hood River City council regarding our concerns.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 12:35 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman