

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, FEBRUARY 18, 2009

The Board of Directors of the Farmers Irrigation District met on Wednesday, February 18, 2009, at the District office for the purpose of conducting its regular monthly business. Those in attendance were directors Steve Benton, Tim Annala, Allan Henderson and Bob Nickelsen; District Manager, Mike Kleinsmith; Financial Administrator, Cathy Roberts; Administrative Assistant, June Brock and Attorney Jeff Baker. Peter Richardson (renewable energy and utility sales attorney) of Richardson and O'Leary was also in attendance.

Chairman Steve Benton called the meeting to order at 11:07 a.m.

MONTHLY BUSINESS:

The minutes of the January 21, 2009 board meetings were presented and discussed. It was moved by Allan Henderson 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 February 2009 were presented and discussed. It was moved by Tim Annala and seconded by Bob Nickelsen to approve the bills in the amount of \$230,297.30. The motion passed with all in favor.

The LDPP Disbursement #5 was presented and discussed (see attached). It was moved by Allan Henderson and seconded by Tim Annala to approve the payments in the amount of \$148,736.02. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

Peter Richardson of Richardson and O'Leary presented both current and future estimated avoided cost rates for the new power sales contracts. There was extensive discussion. Mr. Richardson answered the Board's questions and concerns regarding fixed rates, recommended lengths of term, regulations and other power sales contract options. Mr. Richardson recommended that and it would be in the District's best interest to move forward quickly to renew District contracts. After further discussion, it was moved by Allan Henderson and seconded by Bob Nickelsen to direct Mr. Richardson to prepare a 15 year fixed- rate contract for Plant# 2, and a 5-year fixed-rate contract for Plant #3. Limiting the Plant #3 power sales contract to 5 years will allow the District to optimize a potential rise in the avoided costs rates. The motion passed with all in favor. Mr. Richardson thanked the board for its support.

CORRESPONDENCE: None

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the District has received \$9,120.19 in payments since the January board meeting. Total accounts receivable collections are at 59%, versus 62% at this same time last year.
- b) Cathy gave the Board a detailed update of the District’s cash flow and revenue. The District presently has a shortfall of cash flow due to weather, a reduction in flows for hydro-revenue and plant upgrades. There Board and Mike Kleinsmith discussed the option of taking out a line of credit for a few months to cover the District’s operation and maintenance until funds are replenished from the Energy Trust of Oregon (ETO) and Business Energy Tax Credit (BETC). These funds should be arriving this summer. The Board agreed that District staff should shop around for the best line of credit available.

The Markham (Crispo) project is funded through OWEB. The Country Club Project phase A 2009, was advertised for bid, with a closing date of March 10, 2009. This project covers the stretch of canal from Ryan’s Juice Company to approximately 1000 feet north to the Country Club / Barrett intersection.

- c) Water Supply & Production – Hydro electric production for January was projected at 2.8 million kWh. Actual production was 2,327,259 kWh. Total production revenue for the month of January was \$46,082.35 less than projected. The end-of- month balance for January was projected at \$980,000. The actual end-of- month balance was \$595,139.44.

LEGAL:

Mike presented a report titled “An Attorney’s Perspective” written by Attorney William M. Ganong. (see attached). The article discusses storm water management in district canals. It was the managers recommendation to the board that Farmers Irrigation District not be involved in any storm water management since the District was formed under ORS 545 which is for irrigation only. It was agreed by attorney Jeff Baker that the District should not be involved with storm water management. The board concurred with both Mike and Jeff that the District was formed for irrigation purposes only.

OTHER BUSINESS:

- a) Mike Kleinsmith reported that Dykie Dye has contacted him several times regarding storm water management issues at his Tucker Road residence. The Board informed Mike that we are an irrigation district, not a storm water management district, and that Mr. Dye should take up his issues with Hood River County.

- b) Mike informed the Board that he and Craig DeHart of Middle Fork Irrigation District will be attending a Small Hydro Renewable Energy conference in Salem on February 19, 2009. Mike will also meet with Brian Clem on the same day to discuss senate bills and the upcoming stimulus package.

ADJOURNMENT: There being no further business, the meeting was adjourned at 12:47 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman