

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, APRIL 15, 2009

The Board of Directors of the Farmers Irrigation District met on Wednesday, April 15, 2009, at the district office for the purpose of conducting its regular monthly business. Those in attendance were directors Steve Benton, Don Chandler, Bob Nickelsen, Tim Annala and Allan Henderson; District Manager, Mike Kleinsmith; Financial Administrator, Cathy Roberts; Water Rights Specialist, Rick Brock; Attorney, Jeff Baker and Administrative Assistant June Brock. Manager Mark Beam of the Ice Fountain Water District was also in attendance.

Chairman Steve Benton called the meeting to order at 11:00 a.m.

MONTHLY BUSINESS:

The minutes of the March 18, 2009 board meeting were presented and discussed. It was moved by Bob Nickelsen 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 2009 were presented and discussed. It was moved by Allan Henderson and seconded by Tim Annala to approve the bills in the amount of \$71,636.23. The motion passed with all in favor.

LDPP Disbursement #7 was presented and discussed (see attached). It was moved by Don Chandler and seconded by Allan Henderson to approve the payments in the amount of \$575,565.44. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

Mark Beam from the Ice Fountain Water District discussed the domestic spray water taps presently owned by Farmers Irrigation District. Ice Fountain Water District would like the Board to write a letter of relinquishment of ownership of the spray tap services from Farmers Irrigation District to the spray tap users. The properties that were previously served by the spray taps now receive pressurized water, and the spray taps no longer provide a benefit to the District. It was moved by Tim Annala and seconded by Bob Nickelsen to have Attorney Jeff Baker to follow up with the letter of relinquishment. The motion passed with all in favor.

CORRESPONDENCE:

The board reviewed a MOU (Memorandum of Understanding) from the Grandview Co-op, formerly known as Grandview Squirts (see attached). It was moved by Don Chandler and seconded by Tim Annala to approve the MOU for Grandview Co-op as presented. The motion passed with all in favor.

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the district has received \$89,441.62 in payments since the March board meeting.
- b) Water Supply and Production – Hydropower production for March was projected at 2.8 million kWh. Actual production was 2,284,650 kWh. Hydro revenue for March was projected at \$312,033.53. Actual hydro revenue was \$317,591.26. The end-of-month balance for March was projected at \$889,069.90, with an actual ending balance of \$696,166.23.
- c) Manager’s report - Mike Kleinsmith informed the Board that the snow water equivalent is above average for this time of year. The upper reservoir is 4 feet down from spill and the lower reservoir will be closed tomorrow. The Country Club project from Ryan’s to the intersection of Barrett and Country Club is going very well and should be completed by this Friday. Mike informed that Board that he went to Salem on Tuesday to testify in support of Senate Bill 743. Craig DeHart of Middle Fork Irrigation District also attended the testimony. The SB 743 requires that any hydro-electric power plant built prior to 1995 (i.e. P2 and P3) be LIHI certified in order to sell REC’s (Renewable Energy Certificates). Farmers Irrigation District is currently under public review for LIHI certification. The Oregon Legislature would like 25% of all hydro facilities to be using renewable energy by 2025. Mike advised the Board that he will be attending a DEQ / SRF ruling committee on Friday, April 17th to discuss how upcoming and remaining SRF funds will be handled. Mike discussed contracting the services of Sandy Slayton for the purpose of grant writing, sustainability plan projects, obtaining revenue from the Fresh Water Trust and sales from REC’s.
- d) Copies of the updated 2009 budget were presented to the Board for discussion and review. The track machine will not be purchased at this time. Only one truck will be purchased, and some of the capital improvements will be re-scheduled. The Country Club project amount was adjusted to \$150,000. Approximately \$825,000 in BETC and ETO funds will not be available until August or September. Mike reported that Brian Clem has heard rumors that the State of Oregon may cut future BETC funds. The new debt service amounts will be entered into the budget once funds are received in June. The Board asked about the probability of the District receiving the \$75,000 budgeted for fish screen royalties from FCA. Mike did not want to comment at this time as to FCA’s financial commitments. The Board asked for an update on the power sales contract negotiations PP&L. Mike informed the Board that he has been in contact with Peter Richardson of Richardson and O’Leary and will keep the Board informed as to when Farmers Irrigation District will enter into the Power Sales Contract Agreement.

LEGAL:

- a) The Board reviewed an updated Memorandum of Understanding (see attached) for small user groups. The updated document includes language stipulating that the District will not be responsible for dispute resolution within the group or its’ members. It was moved

by Allan Henderson and seconded by Tim Annala to approve the MOU as presented. The motion passed with all in favor.

- b) Attorney Jeff Baker has been working with Project Manager Jerry Bryan on easements and the District's Contracting Exemption Hearing Notice for upcoming projects. Jeff is also working on an Engagement Letter between Sandy Slayton and the Farmers Irrigation District.

OTHER BUSINESS:

- a) Don Chandler informed the Board that he had spoken with Dwight Moe, a board member of the East Fork Irrigation District. Dwight asked Don if the Farmers Irrigation District would possibly consider consolidating the Middle Fork, East Fork and Farmers Irrigation District into a single irrigation district. There was much discussion. The board was open to inviting an open discussion regarding consolidation between the Districts.
- b) The local depository for Farmers Irrigation District is Columbia River Bank. The board discussed concerns that current FDIC coverage is not sufficient to cover the high-dollar amounts of current and future project-based deposits that flow through the District checking account on a pass-through basis. There was extensive discussion. The board directed Financial Administrator Cathy Roberts to follow up with Craig Ortega at Columbia River Bank for clarification and to raise the FDIC insured amount if necessary.

ADJOURNMENT:

There being no further business, Chairman Benton adjourned the meeting at 12:37 p.m.

Signed: _____
Steve Benton, Chairman

Attest: _____
Tim Annala, Secretary