

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, JANUARY 20, 2010

The Board of Directors of the Farmers Irrigation District met on Wednesday, January 20, 2010, 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. Rodney Lewis, of Terril, Lewis and Wilke Insurance Company, was also in attendance.

Chairman Steve Benton called the annual meeting to order at 11:05 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. It was moved by Don Chandler and seconded by Bob Nickelsen 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 Don Chandler and seconded by Bob Nickelsen 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 Don Chandler 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, Bob 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 Tim Annala to adopt Resolution 01-10 appointing Columbia River Bank as the District's depository for 2010 with additional funds to be held at Oregon State Treasury, Local Government Investment Pool. The Board of Directors, Manager, and 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 02-10 setting the regular meeting days for 2010 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 Bob Nickelsen to adopt Resolution 03-10 establishing January 19, 2011, at 11:00 a.m. as the date of the Year 2011 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 Tim Annala and seconded by Don Chandler to adopt Resolution 04-10 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 Don Chandler and seconded by Tim Annala to designate Rodney Lewis 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 Don Chandler and seconded by Tim Annala 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 Tim Annala 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 11:22 a.m.

The minutes of the December 16, 2009 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 2010 were presented and discussed. It was moved by Don Chandler and seconded by Tim Annala to approve the bills in the amount of \$461,975.52. The motion passed with all in favor. Allan Henderson asked if the District was sufficiently insured through Columbia River Bank. Attorney Jeff Baker was directed by the board to draft a letter to Columbia River Bank to ensure that District's funds are secure.

BUSINESS FROM THE FLOOR:

Insurance Renewal – Rodney Lewis of Terril, Lewis and Wilke introduced himself to the board. Mr. Lewis informed the board of the 2010 insurance policy changes, which include a 3% rate increase, re-insurance costs, property insurance, additions and deletions of district vehicles, among other things. The District received an insurance discount of \$2,000.00 for compliance with SDAO's Best Practice requirements. It was moved by Don Chandler and seconded by Tim

Annala to accept the 2010 insurance renewal as presented. The motion passed with all in favor.

CORRESPONDENCE:

The Board of Directors reviewed the proposed MOU from the Bender Irrigation Group (see attached). It was moved by Bob Nickelsen and seconded by Don Chandler to accept the application. The motion passed with all in favor

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the District has received \$150,980.47 in payments since the December Board meeting. The A/R balance is at 51% versus 58% last year.

Hydro report – Hydro production for the month of December was projected at 2.44 million kWh, with an actual production of 1,226,293 kWh. Hydro revenue was projected at \$275,399.31 with actual revenue of \$153,112.50. Plant 3 and Plant 2 were shut down for two weeks due to winter ice problems. The District's end of month balance for December was \$1,344,981.16.

- b) Manager's report – Mike Kleinsmith reported that the Indian Creek Corridor Project is going well.
- c) Power Sales Contracts – Mike informed the Board that he has been in constant contact with the District's power sales attorney, Peter Richardson, along with power sales specialist, John Lowe, and power sales accountant, Bernard Versari, to develop a power sales settlement proposal for PacifiCorp that will serve in the best interest of the District constituents.
- d) Renewable Portfolio Standards (RPS) and Business Energy Tax Credit (BETC) – Mike and other leading irrigation district managers presented to State legislatures on January 14th in Salem regarding the need for the inclusion of pre-1995 hydroelectric facilities in the State's RPS. Presently, the District's and other pre-1995 irrigation districts' hydropower is not eligible for renewable premiums through the State's RPS. In the case of the District's power, this is particularly absurd since FID has kept its hydropower system up to contemporary environmental standards, and the District's power is also Low Impact Hydropower Certified. The value of BETC to irrigation districts was also discussed.
- e) Mike informed the Board that he received another request from Bob Tallman seeking permission to be connected to the irrigation line on Westcliff Drive (see attached). This line is a private line, and the District will not get involved with this issue.
- f) Mike received two notes of appreciation to the District: one from Anne Saxby and Gil Sharp of Markham Road for the Indian Creek Corridor Project, and another from

James Wade for the Lower District Pressurization Project.

LEGAL:

- a) Attorney Jeff Baker informed the Board that he had received a tort claim dated December 16, 2009 (see attached) and a letter from Schroeder Law Offices, P.C. representing Mr. Leroy Richard (Dick) Leonard dated January 19, 2010 (see attached) requesting payment in the amount of \$7,500 for alleged damages to Mr. Leonard's property. The Board directed Jeff to pass this claim onto SDAO. Jeff will keep the Board apprised of the situation.

- b) Rich Hanners has expressed concern to the District about the Parks and Recreation District's intention to construct a walking trail along the western property line of his orchard bordering the Skakel property. The proposed trail alignment is similar to the easement the District maintains for one of its major pressure pipelines. The District's easement for the pipeline, however, grants no authority to the District for other uses one way or the other. As such, the District is neutral regarding the Parks and Recreation proposal

OTHER BUSINESS:

Leroy Nickerson spoke with Mike last week regarding the high groundwater table on his property. Leroy believes that the Farmers Canal contributes to the problems he seems to encounter in his efforts to grow orchard trees on his property. Mike reminded Leroy that his property is located at the base of an escarpment, along which several springs are mapped on USGS quadrangles. Mike also reminded Leroy that the District will pipe the Farmers Canal as funds allow even though piping the canal will probably not solve Leroy's problem.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 12:52 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman