

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, SEPTEMBER 15, 2010

The Board of Directors of the Farmers Irrigation District met on Wednesday, September 15, 2010, at the district office for the purpose of conducting its regular monthly business. Those in attendance were directors Don Chandler, Bob Nickelsen, Tim Annala and Allan Henderson; District Manager, Mike Kleinsmith; Financial Administrator, Cathy Roberts; Attorney, Jeff Baker and Administrative Assistant June Brock.

Vice-Chairman Allan Henderson called the meeting to order at 11:08 a.m.

MONTHLY BUSINESS:

The minutes of the August 18, 2010 board meeting were presented and discussed. It was moved by Bob Nickelsen and seconded by Tim Annala to approve the minutes as corrected. The motion passed with all in favor.

The O&M bills for the month of September 2010 were presented and discussed. It was moved by Tim Annala and seconded by Don Chandler to approve the bills in the amount of \$86,485.34. The motion passed with all in favor.

BUSINESS FROM THE FLOOR: None

CORRESPONDENCE: None

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the district has received \$1,397.76 in payments since the August board meeting (90% this year compared to 95% last year). The end-of-month balance for August was projected at \$2,041,125.11 with an actual ending balance of \$1,863,250.76. Cathy also informed the board that she has participated in the SDAO Best Practices which could potentially save the District up to \$6,000. in premiums. Cathy will also be attending upcoming SDAO Risk Management seminars this fall.
- b) Cathy informed the board that Water Right Specialist Rick Brock has removed water rights from the following property owners due to several years of non payment; Donald & Kristi Buchanan, Jesse & Michelle Coefield, Jerry & Kristin Nuss and Larry & Maxine Whitaker.

- c) Water Supply and Production – Hydropower production for August was projected at 500,000 kWh. Actual production was 729,483 kWh. Hydro revenue for August was projected at \$76,143.95. Actual hydro revenue was \$105,972.25.
- d) Hydropower production update – Plant 2 is flowing 30 cfs and Plant 3 is off. Mike informed the Board that he has been in contact with Rod French of the Oregon Department of Fish and Wildlife (ODFW) regarding the minimum flow agreement of 300cfs or less in-stream that was entered into last year. Due to low river flows of below 300 cfs, the district diverted only its 43 cfs water right which may not allow the district to meet Energy Trust of Oregon (ETO) hydro projections.
- e) Power Sales Contract update- Mike informed that Board that he is extremely frustrated with PacifiCorp regarding the District’s Power Purchase Agreement and the Interconnection Agreement. Initially the District looked into entering two separate power sales contracts and interconnection agreements, but after seeing the \$278,000 price tag the district opted not to go that route. Instead the district went back to its original plan of one interconnection agreement and one power sales contract for both plants. At that point the district was going to use an Oregon based AR-521 interconnection agreement. PacifiCorp is denying the district’s request to use AR-521 and essentially forcing the district to use the FERC interconnection agreement which would require back up telemetry that the district doesn’t believe it needs. PacifiCorp is supposed to respond to the district by October 8th, 2010. Much discussion ensued.
- f) BETC update - Mike informed the Board that he asked Andy Von Flotow if he wished to be a BETC pass-through partner. Mr. Von Flotow declined this offer as it was not enough of a discount rate to make it worth his while.
- g) The middle district was on a rotation basis due to low free flows for a few weeks in August, but due to cooler temperatures and harvesting the rotation was no longer required.

LEGAL:

Resolution 09-10. (see attached). It was moved by Tim Annala and seconded by Don Chandler to adopt Resolution 09-10 specifying that the November 9, 2010 election for Division One and Division Four be conducted by mail-in vote. The motion passed with all in favor.

OTHER BUSINESS: None

ADJOURNMENT:

There being no further business, Vice-Chairman Henderson adjourned the meeting at 12:16 p.m.

Signed: _____
Steve Benton, Chairman

Attest: _____
Tim Annala, Secretary