

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

The Board of Directors of the Farmers Irrigation District met on Wednesday, December 15, 2010, at the district office for the purpose of conducting its regular 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; Administrative Assistant, June Brock and Attorney Jeff Baker.

Chairman Steve Benton called the meeting to order at 11:00, Steve then turned the meeting over to Vice Chairman Allan Henderson.

MONTHLY BUSINESS:

The minutes of the November 17, 2010 board meeting were presented and discussed. It was moved by Bob Nickelsen 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 December 2010 were presented and discussed. It was moved by Don Chandler and seconded by Tim Annala to approve the bills in the amount of \$744,847.38 (this includes pre-payment in the amount of \$402,256.07 for F2RP Disbursement #1). The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

Insurance Renewal - Rodney Lewis of Terril, Lewis and Wilke Insurance Inc. presented the District's 2011 insurance renewal. Rodney thanked the board for their loyalty to his company. The cost of insurance for the 2011 year was raised by \$537 from last year. Rodney covered claims, property, liability, sub-limits and earthquake coverage. Rodney was asked by the board to look into the cost of flood insurance for the District, he will keep us informed regarding this request. After much discussion it was moved by Tim Annala and seconded by Don Chandler to accept the 2011 insurance renewal as presented. The motion passed with all in favor.

FCA Update - Julie O'Shea was unable to attend the meeting. Tim Annala informed the board that FCA will be issuing a royalty check in the amount of \$32,000 for a 200 cfs screen built for the Three Sisters Irrigation District. The FCA staff is still working under limited staffing and a limited income. Julie has applied for several grants to aid in FCA's funding. The National Marine Fisheries Service has still not endorsed the Farmers Screen as a NMFS-approved criteria screen. On a good note FCA is still receiving out of state screen inquiries.

CORRESPONDENCE: None

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the district has received \$54,575.18 in payments since the November board meeting. The A/R balance is at 25% versus 25% last year.
The end of month balance for November was projected at \$1,905,228.76 with an actual ending balance of \$1,870,359.92.
- b) Hydro production – November’s production was projected at 2,560,000 kWh. Actual production was 2,420,772 kWh. Hydro revenue for November was projected at \$296,059.16. Actual revenue was \$285,220.46.
- c) Plant 2 and Plant 3 are maxed out. We should exceed December’s projected kWh production. Greenpoint snotel location has 21 inches of snow, with more snow on the way this weekend.
- d) Power Sales Contract- Mike informed the board we are currently in a holding pattern regarding the District’s Power Purchase Agreement. Mike has been in contact with Laura Raybush of PacifiCorp’s Interconnection Transmission Services and was quite upset when Ms. Raybush informed him that it might take up to two weeks to provide settings for the Plants. Mike informed her that the settings needed to be completed by mid-December. Mike contacted Dennis Desmarais (PacifiCorp Transmission Manager) and complained that it shouldn’t take as long as Laura said? Mike informed Dennis that the District could lose approximately \$30,000 in hydro revenue for the month of January if we are required to use the bridge Power Purchase Agreement. The Public Utilities Commission is currently reviewing our settlement agreement between the District and PacifiCorp.
- e) Mike informed the Board that Gary Marcus who is the 2010 Business Energy Tax Credit (BETC) Pass-Through Partner will be issuing the District a check in the amount of \$96,918. (see attached).
- f) Renewable Energy Tax Credits (REC’s). John Lowe had a conference call with Mike prior to this board meeting and Mike was happy to inform the board that the District is close to being eligible to sell its environmental attributes, in the form of Tradable Renewable Energy Certificates (TREC’s) in California. If they are sold in Oregon they are called REC’s. If all goes well, this could potentially bring in between \$200,000 to \$500,000 annually for the District to offset the absurdly lower rates from PacifiCorp.

LEGAL: None

OTHER BUSINESS: None

ADJOURNMENT: There being no further business, the meeting was adjourned at 11:50 a.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman