

FARMERS IRRIGATION DISTRICT  
BOARD MEETING MINUTES  
WEDNESDAY, JANUARY 19, 2011

The Board of Directors of the Farmers Irrigation District met on Wednesday, January 19, 2011, 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 and Bob Nickelsen; District Manager, Mike Kleinsmith; Financial Administrator, Cathy Roberts; Water Right Specialist, Rick Brock; Attorney, Jeff Baker; and Administrative Assistant June Brock. Julie O'Shea of FCA was also in attendance and guest Gordon Cook. Director, Allan Henderson was not present.

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

**ANNUAL BUSINESS:**

Directors Don Chandler, Tim Annala, Steve Benton and Bob Nickelsen took official oaths of office.

Chairman Steve Benton opened the nominations for Chairman.

A motion was made by Steve Benton to nominate Don Chandler for Chairman. Tim Annala seconded the motion. It was moved by Bob Nickelsen and seconded by Tim Annala to close the nominations and cast a unanimous ballot for Don Chandler as Chairman. The unanimous ballot was cast with Tim Annala, Don Chandler, Steve Benton and Bob Nickelsen voting aye.

Chairman Don Chandler opened the nominations for Vice-Chairman.

A motion was made by Steve Benton to nominate Allan Henderson for Vice-Chairman. Bob Nickelsen seconded the motion. It was moved by Bob Nickelsen and seconded by Tim Annala 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 and Bob Nickelsen voting aye.

Chairman Don Chandler opened the nomination for Secretary.

A motion was made by Steve Benton to nominate Tim Annala for Secretary-Treasurer. Bob Nickelsen seconded the motion. It was moved by Bob Nickelsen and seconded by Steve Benton 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 and Bob Nickelsen voting aye.

**BUDGET COMMITTEE:**

A motion was made by Tim Annala and seconded by Bob Nickelsen 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 and Bob Nickelsen in favor.

**DEPOSIT OF FUNDS:**

A motion was made by Tim Annala and seconded by Steve Benton to adopt Resolution 01-11 appointing Columbia State Bank as the District's depository for 2011 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 and Bob Nickelsen in favor.

**REGULAR MEETING DATES:**

A motion was made by Tim Annala and seconded by Steve Benton to adopt Resolution 02-11 setting the regular meeting days for 2011 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 Don Chandler, Tim Annala, Steve Benton and Bob Nickelsen in favor.

**ANNUAL BOARD MEETING DATE:**

A motion was made by Steve Benton and seconded by Tim Annala to adopt Resolution 03-11 establishing January 18, 2012, at 11:00 a.m. as the date of the Year 2012 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 Don Chandler, Tim Annala, Steve Benton and Bob Nickelsen in favor.

**BILLING AND COLLECTION OF CHARGES:**

It was moved by Tim Annala and seconded by Steve Benton to adopt Resolution 04-11 citing the specific manners in which the District will charge for required funds. The motion passed with Don Chandler, Tim Annala, Steve Benton and Bob Nickelsen in favor.

**AGENT OF RECORD:**

It was moved by Steve Benton 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 Don Chandler, Tim Annala, Steve Benton and Bob Nickelsen in favor.

**ATTORNEY OF RECORD:**

It was moved by Steve Benton 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 Don Chandler, Tim Annala, Steve Benton and Bob Nickelsen in favor.

**AUDITOR OF RECORD:**

It was moved by Steve Benton and seconded by Tim Annala to designate Arens & Associates as Auditor of Record for the District. The motion passed with Don Chandler, Tim Annala, Steve Benton and Bob Nickelsen in favor.

**ENGINEER OF RECORD:**

It was moved by Steve Benton and seconded by Tim Annala to designate Anderson-Perry as Engineer of Record for the District. The motion passed with Don Chandler, Tim Annala, Steve Benton and Bob Nickelsen in favor.

**MONTHLY BUSINESS:**

Chairman Don Chandler called the monthly meeting to order at 11:36 a.m.

The minutes of the December 15, 2010 Board meeting were presented and discussed. It was moved by Steve Benton and seconded by Bob Nickelsen to approve the minutes as corrected. The motion passed with all in favor.

The O&M bills for the month of January 2011 were presented and discussed. It was moved by Steve Benton and seconded by Bob Nickelsen to approve the bills in the amount of \$474,419.23. (A payment of \$348,644.00 was made to Oregon DEQ for Loan # 32240, Avalon-Belmont Project). The motion passed with all in favor.

**BUSINESS FROM THE FLOOR:**

FCA update- Julie O'Shea gave the board a quick overview of FCA's fish screen dilemma. Since Labor Day FCA has been waiting to be given National Marine Fisheries Service fish screen criteria approval. While NMFS wrote the Farmers Screen into the criteria, they wrote the criteria in a way that will prevent Farmers Screen installations, even though numerous test and installations prove the screen works. The hold up seems to be political as the NMFS staff keeps changing the reason for not truly approving the screen. In response, FCA is seeking political support. To help with this outreach, FCA has compiled a letter with numerous supporting documents from various agencies and Farmers Screen owners. This package is being presented to the staff of Walden, Wyden and Merkley with the hopes that with their political support, FCA will get a clear, accountable process for approval (see attached).

### **CORRESPONDENCE:**

Columbia State Bank-Safety of District Funds informational letter from CSB branch manager Craig Ortega (see attached).

### **REPORTS AND DISCUSSION:**

- a) A/R report – Cathy Roberts reported that the District has received \$183,160.05 in payments since the December Board meeting which means the district has collected 55% in accounts receivable versus 50% last year. Four liens have been satisfied, Mike Ellsworth, Steve Roberts, Nu-West Trust and Kelly Cushing.

Hydro report – Hydro production for the month of December was projected at 2.44 million kWh, with an actual production of 2,909,669 kWh. Hydro revenue was projected at \$283,207.31 with actual revenue of \$338,845.35. The District's end of month balance for December was \$1,625,051.10.

- b) Power Purchase Agreement – Mike informed the Board that as of December 29, 2010 the District has a new Power Purchase Agreement with PacifiCorp. Don mentioned that the District is under a probationary period for three years and Mike would still like to negotiate for a 2-3 cent per kilowatt increase through legislation.
- c) Last weekend the intake flume at the headgates filled in due to torrential rain and debris. The intake flume has now been cleaned out, Plant 2 is running at 64.7 cfs and Plant 3 is running at 34 cfs.
- d) Renewable Portfolio Standards (RPS). The District has joined the Western Renewable Energy Generation Information System (WREGIS). WREGIS is an independent, renewable energy tracking system for the region covered by the Western Electricity Coordination Council (WECC). The District has also submitted an application to the California Energy Commission (CEC). Once the District's CEC application has been approved the District will be eligible to sell Tradable Renewable Energy Certificates to California. The board thanked Mike for his endless effort and

hard work towards the District's participation in green energy. Mike also informed the Board that he would like to continue using Mr. John Lowe. After much discussion Mr. Lowe's retention was tabled to the February board meeting.

**LEGAL:**

Water Rights Specialist Rick Brock asked attorney Jeff Baker for some legal advice. Rick received a call from a gentleman interested in purchasing the Coefield property on Westwood. The Coefield property has had a lien on it for over four years due to non-payment. Rick was in the process of transferring the water right off of this property. Rick was informed by the board and Jeff that the interested party had to pay all previous balances inclusive of the 2011 billing either by cash or cashier's check today. Rick will then transfer the water rights back to the property and beneficial use of water must be applied for this 2011 season.

**OTHER BUSINESS:**

It was moved by Tim Annala at 12:23 p.m. and seconded by Steve Benton to move into Executive Board session. The motion passed with all in favor.

**EXECUTIVE BOARD SESSION**

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There was extensive discussion regarding current performance review of manager Mike Kleinsmith. It was moved by Steve Benton at 12:37 p.m. and seconded by Bob Nickelsen to move out of Executive Board session. The motion passed with all in favor.

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It was moved by Steve Benton and seconded by Bob Nickelsen to adjust Manager Mike Kleinsmith's salary to \$88,000 per annum. The motion passed with all in favor.

**ADJOURNMENT:**

There being no further business, Chairman Don Chandler adjourned at 12:38 p.m.

Signed: \_\_\_\_\_  
Tim Annala, Secretary

Attest: \_\_\_\_\_  
Don Chandler, Chairman