

FARMERS IRRIGATION DISTRICT
EXTENDED BOARD MEETING MINUTES
WEDNESDAY, OCTOBER 26, 2011

The Board of Directors and the Budget Committee of the Farmers Irrigation District met on Wednesday, October 26, 2011, in continuation of the regular monthly and budget committee business that was held on October 19, 2011. Those in attendance were directors Don Chandler, Steve Benton, Tim Annala, Bob Nickelsen and Allan Henderson; Assistant Manager, Jer Camarata; Financial Administrator, Cathy Roberts; Administrative Assistant, June Brock and Attorney Jeff Baker. Also in attendance were Budget Committee members Bob Benton, Randy Franz, Andy Von Flotow and Kevin Asai.

At 10:00 a.m. Chairman Don Chandler called the meeting to order.

EXTENDED MONTHLY BOARD MEETING

- a) District Management – Chairman Don Chandler presented a Resignation and Separation Settlement Agreement from District Manager Mike Kleinsmith to the Board for review. After discussion it was moved by Allan Henderson and seconded by Tim Annala to accept Mr. Klein smith’s resignation and Separation Settlement Agreement. The motion passed with all in favor.

Don Chandler circulated assistant manager Jer Camarata’s resume to the Board members. It was moved by Bob Nickelsen and seconded by Tim Annala to accept Jer Camarata as interim District Manager. The motion passed with all in favor.

- b) Budget – Chairman Don Chandler suggested to the Board that both the staff and board members start working on future annual budgets in August. Several recommended changes are to be made such as, Numbering line items for easier reading, and work on balancing the budget prior to the budget being sent to the Budget Committee for review. Discussion took place regarding the 40% loss in hydro revenue due to the new power purchase agreement. Bob Nickelsen questioned the possibility of an outsourced entity reviewing the District’s budget for cost cutting and efficiencies. Much discussion ensued. It was moved by Bob Nickelsen and seconded by Steve Benton to have SDAO review the District’s budget as it is believed to be a one time, free of charge service. The motion passed with all in favor. Allan Henderson would still like to see \$2 million in reserves, based on the fact that the District does not have flood insurance. Allan Henderson also discussed the backlog of annual leave accrued by staff. He felt that this was a liability and there should be an amendment made to the existing policy regarding vacation usage. More discussion ensued regarding budget line items for the fish screen patent and asset protection. Discussion also ensued that a crew position was going to be cut under the 2012 budget, and generally acknowledged that Joe May’s position was being looked at.

BUDGET COMMITTEE WORK SESSION

A budget committee work session took place from 11:00 a.m. until 11:52 a.m. It was moved by Randy Franz and seconded by Bob Benton to elect Andy Von Flotow as Budget Chairman. The motion passed with all in favor. There was much discussion of the revised 2012 budget regarding the debt service, hydro revenue, efficiencies, payroll and benefits. Jer Camarata provided Andy Von Flotow with a preliminary draft revenue graph for the next sixteen years. Kevin Asai reiterated that the District was well aware that a budget shortfall was inevitable due to debt service and the future power sales contracts. Kevin further reiterated that the current cash flow situation and debt to income ratio is a function of year's worth of supported decisions, and that the economic situation shouldn't be a surprise to anyone. It was moved by Bob Benton and seconded by Randy Franz that there be better management of the budget and that the Budget Committee be updated regularly. The motion passed with all in favor. Discussion about a payroll decrease again ensued and it was acknowledged and generally accepted that a crew position is going to be cut out of the 2012 budget. It was moved by Kevin Asai and seconded by Bob Benton that the Board approve the revised 2012 Budget as presented. The motion passed with all in favor. Andy Von Flotow closed the Budget Committee work session at 11:52 p.m.

After much discussion it was moved by Tim Annala and seconded by Allan Henderson to accept the revised 2012 budget. The motion passed with all in favor.

OTHER BUSINESS: None

ADJOURNMENT: There being no further business, the meeting was adjourned at 11:53 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Don Chandler, Chairman