

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, DECEMBER 21, 2011

The Board of Directors of the Farmers Irrigation District met on Wednesday, December 21, 2011, at the district office for the purpose of conducting its regular monthly business. Those in attendance were directors Don Chandler, Tim Annala, Steve Benton, Bob Nickelsen and Allan Henderson; Interim District Manager, Jer Camarata; Financial Administrator, Cathy Roberts and Attorney Jeff Baker. Also in attendance was Rodney Lewis, Insurance Agent for Terril, Lewis and Wilke.

Chairman Don Chandler called the meeting to order at 11:05 a.m.

MONTHLY BUSINESS:

The minutes of the November 16, 2011 board meeting were presented and discussed. It was moved by Allan Henderson and seconded by Steve Benton to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the month of December 2011 were presented and discussed. It was moved by Bob Nickelsen and seconded by Tim Annala to approve the bills in the amount of \$212,664.37. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

Insurance Agent Rodney Lewis reviewed the 2012 insurance renewal information with the Board. The premiums will increase approximately 5%, from \$95,341 to \$100,095. Mr. Lewis has been informed by his underwriter that flood insurance coverage is now available to the District. The underwriter indicated that the new flood insurance coverage may not provide the same limits as policies provided to the District in the past. The Board asked Mr. Lewis to submit a quote request to the underwriter and also requested that the underwriter provide a coverage comparison report showing differences between the prior and newly-quoted policies. Tim Annala asked Mr. Lewis if the \$300M Liability Coverage limit could potentially be lowered to decrease the annual premium. Mr. Lewis responded that the \$300M is a flat-coverage amount versus a negotiable coverage amount.

Mr. Lewis reported that the District has received the full 9% discount for Best Practices, resulting in a reduction of \$4,748 in the 2012 premium. The District has also been approved for the Rate Lock / Longevity Credit. If the District maintains a ratio loss of 6% or less in 2012 the premium for 2013 can not be increased by more than 5%. This credit could result in substantial savings. District's who do not qualify for the rate lock could see increases of 12-14% in 2013.

Steve Benton asked Mr. Lewis to explain the how the underwriters determine the

difference between a debris flow and a flood. Jer Camarata also asked for more information regarding those definitions in the context of an earthquake potentially causing damage to one or more of the District dams. Mr. Lewis will request a response from the underwriter by next week. It was moved by Tim Annala and seconded by Allan Henderson to approve the 2012 insurance renewal as presented. The motion passed with all in favor.

CORRESPONDENCE: none

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the district has received \$92,923.17 in payments since the November board meeting. The A/R collection rate is at 30% versus 25% last year. The end-of- month balance for November was projected at \$1,164,298.40 with an actual ending balance of \$1,120,436.36. The November ending balance reflects un-budgeted severance package expenses of approximately \$63,090.11.

Hydro production – November’s production was projected at 2,640,000kWh. Actual production was 2,236,401 kWh. Hydro revenue for November was projected at \$158,400. Actual revenue was \$133,402.38.

- b) Manager’s Report – Jer Camarata reported that the Hood River is currently flowing in the low to mid 400 cfs range. Greenpoint snowpack is at approximately 38% and Mt. Hood is at approximately 62% of normal average over the last 25 years.
- Hydro report – (see attached). Jer Camarata provided the Board with a graphical representation of kWh produced over the last several months. The representation showed that the District has currently produced 109.78% of the projected 22 million kWh, per the total 2011 budget estimates.
 - Expense Reduction Effort – Jer Camarata reported that the contract for the current computer consultant, OnSitePC, ends this month. Jer is seeking new quotes, proposals, and service agreements from the current consultant, as well as a local competitor, Rad-Comp, in a due diligence effort to assess the District’s options. Jer would like to cut costs, consolidate, and simplify the current system in an ongoing effort to centralize the District’s communication network.
 - Along these same lines, The District’s Internet-based VOIP phone lines could possibly be reduced from 9 lines to 6. Jer will begin investigating this in January or February. The Board authorized Jer to purchase a conference call speaker phone.
 - Jer has renegotiated the terms of the District’s Renewable Energy Coalition support. The rates have been lowered from \$750 per month to \$250 per month

with ancillary legal fees to be capped at \$100/mo unless authorized in writing by management. Jer will have a Coalition Membership/Services Agreement drafted up.

- FCA- Julie Davies submitted a report showing potential screen sale royalties for 2012:

Corbett Water District	\$1,000
Badger Creek a	6,000-\$10,000
Badger Creek b & c	2,000-2,250
Three Mile Dam	3,600
Mill Creek	3,200
Buck Creek	1,500

These projects hold the potential of totaling between \$17,300 and \$21,550 worth of royalties for the District.

- Work on the new water management program is proceeding as planned. Advanced Control Systems (ACS) is on schedule to build and implement the new program by next summer, and be fully operational by 2013.
- GIS –The District will be provided with a cash-neutral mapping software upgrade that will allow us to collect field-based attribute data on system infrastructure in exchange for Jer’s participation on GSS’s GIS Advisory Committee. Collecting this information holds the promise of providing the District with more accurate values of the District’s current conveyance system as well as assisting with possible maintenance routine scheduling on aging infrastructure.
- Jer Camarata, Don Chandler, and Bob Nickelsen met with three staff from SDAO for a General Risk Assessment discussion, per the Board’s direction in asking SDAO to give their opinion on the status of the District. The District’s budgets and current status were reviewed, and the consensus was that the District is doing well and on the right track. Staff will be meeting with Bob Ringering on January 11th, 2012 to conduct an onsite Risk Assessment. Jer will request a summary report from SDAO.
- OWEB - a \$3,300 grant has been awarded to FID water user, John Palanuk for a \$6,200 micro sprinkler conversion improvement project. Jer will be on the OWEB Small Grant Advisory Committee and actively looking for more opportunities to assist FID water users with conservation measures.
- LIHI Certification Conditions – The Board reviewed letters of support from ODFW and DEQ. These letters will assist the District in meeting the LIHI Certification Conditions that are being imposed and due by 12-31-2011. Jer has been working on a water quality temperature study over the last six months that will play a major role in meeting these conditions. The final temperature study report will be available to the public in January, 2012. If the LIHI conditions are

- District Reserve Fund-Jer asked the Board for general-consensus feelings towards reintroducing a general Watershed Enhancement Reserve Fund that would be used to mitigate future liabilities through infrastructure upgrades, replacement, or potential environmental remediation. The Board authorized staff to set up and initially fund the reserve with the renegotiated Renewable Energy Coalition savings in the amount of \$6,000/year. If cash flow allows, Jer would like to continue enhancing the reserve fund over time with potential REC sales and or SDAO incentive money.
- Personnel Policy-Jer reported that changes are being incorporated into the Personnel Policy. A draft will be submitted to the Board in January or February of 2012.

LEGAL:

Audit- the Board reviewed a draft of the 2010 audit. It was moved by Steve Benton and seconded by Bob Nickelsen to approve the 2010 audit contingent upon revision of an error on Page #29 of the audit. Under the paragraph titled "Funding Policy and Annual Pension Cost," sentence # 3 states that "the District did not contribute on behalf of the employees for the year ended December 31, 2010." Auditor Bill Parker will be asked to remove the word "not" as indicated and send sufficient corrected copies of page #29 to allow replacement in each of the audit binders.

Election- Steve Benton stated that he will not be available for the Annual meeting in January of 2012. Steve indicated that he would like to serve as an interim Board Member for the District until the November 2012 elections. It was moved by Allan Henderson and seconded by Bob Nickelsen to re-appoint Steve Benton as Director of Division #5 at the Annual January 2012 board meeting. The motion passed with all in favor.

OTHER BUSINESS: none

ADJOURNMENT: There being no further business, the meeting was adjourned at 1:35 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Don Chandler, Chairman