

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, FEBRUARY 15, 2012

The Board of Directors of the Farmers Irrigation District met on Wednesday, February 15, 2012 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 and Allan Henderson; Interim District Manager, Jer Camarata; Financial Administrator, Cathy Roberts; Attorney, Jeff Baker; and Administrative Assistant June Brock. Budget Committee member Randy Franz was also present.

Chairman Don Chandler called the annual meeting to order at 11:00 a.m.

ANNUAL BUSINESS:

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

Chairman Don Chandler opened the nominations for Chairman.

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

Chairman Steve Benton opened the nominations for Vice-Chairman.

A motion was made by Steve Benton to nominate Allan Henderson for Vice-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 Allan Henderson as Vice-Chairman. The unanimous ballot was cast with Tim Annala, Don Chandler, Steve Benton, Allan Henderson and Bob Nickelsen voting aye.

Chairman Steve Benton opened the nomination for Secretary.

A motion was made by Don Chandler to nominate Tim Annala for Secretary-Treasurer. Bob Nickelsen seconded the motion. It was moved by Don Chandler and seconded by Bob Nickelsen 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, Allan Henderson and Bob Nickelsen voting aye.

BUDGET COMMITTEE:

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

DEPOSIT OF FUNDS:

A motion was made by Tim Annala and seconded by Don Chandler to adopt Resolution 01-12 appointing Columbia State Bank as the District's depository for 2012 with additional funds to be held at Oregon State Treasury, Local Government Investment Pool. The Board of Directors, Manager, and Water Rights Specialist are reauthorized to sign on the accounts with two signatures required, one of which must be from a director. The Director of Administration is reauthorized 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, Allan Henderson and Bob Nickelsen in favor.

REGULAR MEETING DATES:

A motion was made by Allan Henderson and seconded by Bob Nickelsen to adopt Resolution 02-12 setting the regular meeting days for 2012 on the third Wednesday of each month according to the following schedule:

January through December—12:00 p.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, Allan Henderson and Bob Nickelsen in favor.

ANNUAL BOARD MEETING DATE:

A motion was made by Bob Nickelsen and seconded by Tim Annala to adopt Resolution 03-12 establishing January 16, 2013, at 12:00 p.m. as the date of the Year 2013 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, Allan Henderson and Bob Nickelsen in favor.

BILLING AND COLLECTION OF CHARGES:

It was moved by Tim Annala and seconded by Bob Nickelsen to adopt Resolution 04-12 citing the specific manners in which the District will charge for required funds. The motion passed with Don Chandler, Tim Annala, Steve Benton, Allan Henderson and Bob Nickelsen in favor.

AGENT OF RECORD:

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

AUDITOR OF RECORD:

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

ATTORNEY OF RECORD:

It was moved by Don Chandler and seconded by Bob Nickelsen 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, Allan Henderson and Bob Nickelsen in favor.

ENGINEER OF RECORD:

It was moved by Don Chandler 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, Allan Henderson and Bob Nickelsen in favor.

MONTHLY BUSINESS:

Chairman Steve Benton called the monthly meeting to order at 11:46 a.m.

The minutes of the December 21, 2011 Board meeting were presented and discussed. It was moved by Allan Henderson and seconded by Don Chandler to approve the minutes as presented. The motion passed with all in favor.

No minutes were provided from January 2012 due to emergency cancellation of the annual Board Meeting due to a massive winter ice and snow storm.

The O&M bills for the month of January 2012 were presented and discussed. It was moved by Allan Henderson and seconded by Tim Annala to approve the bills in the amount of

\$392,868.41. (A final payment of \$345,270.00 was made to Oregon DEQ for Loan # 32240, Avalon-Belmont Project). The motion passed with all in favor.

The O&M bills for the month of February 2012 were presented and discussed. It was moved by Tim Annala and seconded by Allan Henderson to approve the bills in the amount of \$208,439.01. 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 \$60,177.55 in payments since the December Board meeting which means the District has collected 55% in accounts receivable versus 55% last year. The District has also received \$26,812.70 since the last Board meeting.

Cathy reported that the District received \$9,485.50 from SDAO (insurance longevity credit). Also a surplus vehicle (1994 Toyota) was sold for \$1,800.

Hydro report – Hydro production for the month of December was projected at 2.42 million kWh, with an actual production of 2,454,359 kWh. Hydro revenue was projected at \$145,200 with actual revenue of \$146,907.00. The District's end of month balance for December was \$1,067,009.32.

Hydro report – Hydro production for the month of January was projected at 3 million kWh with an actual production of 1,756,231 kWh. The shortfall is attributable to the winter snow and ice storm business interruption. Hydro revenue was projected at \$195,000 with actual revenue of \$112,264.00. The District's end of month balance for January was \$869,331.51.

- b) Manager's Report – Jer Camarata reported on the following:
- Hydro report – (see attached). Jer provided the Board with a graphical representation of kWh produced during 2011. The representation showed that the District produced 114.24% of the projected 22 million kWh, per the 2011 budget estimates. Jer suggested that 22-24 million kWh/year should be a solid, conservative target estimate for future budgets.
 - LIHI/RECS – Jer reported that the LIHI Dec 31, 2011 conditions & compliance response has been completed and submitted. The District's LIHI certificate is

valid until March 25, 2014. Allan Henderson asked what the current cost of RECS are going for. Jer has spoken with several brokers and the latest transactions were in the \$1.00-2.00 range for the compliance market. However, transactions of our size are rare as big utilities such as PAC seem to be saturating what demand exists.

- Jer provided the Board with the District's 2011 Temperature Study. This study provided the thermal impact on the Hood River from the District's hydroelectric facility (see attached). The study has been presented to ODFW, DEQ, and LIHI.
- Jer Camarata reported that the 2010 Audit is complete and certified.
- District Fees – Staff proposed adjusting the District's administrative fees. After discussion it was moved by Allan Henderson and seconded by Tim Annala to raise the COO (Change of Occupancy) fee to \$75, Boundary Line Adjustment fee to \$100, and Water Right Transfer On fee to \$100. The Transfer On fee includes transfers occurring within a property, between properties, forfeiture, and in-stream leases to protect FID water rights and offset state mapping requirement costs. The motion passed with all in favor.
- SDAO – Director, Don Chandler; Interim District Manager, Jer Camarata and Financial Administrator, Cathy Roberts attended the annual SDAO meeting in Sun River last week. Don said it was an extremely informative and educational meeting and suggested that other Board members attend in the future. Jer spent a significant amount of time with SDAO claims representatives trying to iron out and explain the District's winter storm claim. Cathy informed the Board that there will be no increase in the District's health insurance for the upcoming year and also that the price of vision and dental insurance would be reduced by approximately 5-10%.
- Jer informed the Board that SDAO's Risk Management Specialist Bob Ringering took a tour of the District on January 11, 2012. Bob's report, dated January 27th (see attached), was substantially positive and didn't raise any red flags. Bob said that our dams appeared to be in excellent shape.
- HRSWCD Contributions – Jer informed the Board that he had met with Anne Saxby of the Hood River Soil and Water Conservation District last month. Jer, on behalf of the Board, inquired as to where and how the District's contribution was being spent, asking for justification of this expense. Anne Saxby agreed to give a report at the March 21st 2012 board meeting.
- Winter Snow & Ice Storm – Jer gave a slideshow of the damage that occurred to the District from January 18th onwards. Director Don Chandler took a tour of the Lowline canal and saw the damage first hand. It will take some time to repair the Lowline canal due to access and extremely steep terrain challenges. North Green

Point pipeline was just recently inspected due to lack of access; this too will need substantial repairs and poses many technical challenges, including access to repairs near the end of the steel pipe. Our crews worked diligently to remove over 500+ trees and substantial debris from our open canals, pipelines, and property, providing access to damaged areas so that repair and maintenance could ensue. The District's hydro production facilities were out of commission for approximately 19 days due to blown surge arrestors in the substation and various other electrical damage (at both plants) directly attributable to the storm. After the slide show Jer informed the Board that SDAO is claiming that damage to open canals might not be covered, but electrical equipment would most likely be covered under our current policy. SDAO verbally indicated that pipelines are treated differently than open canals and should be covered. There also seems to be a discrepancy regarding the District's Business Interruption coverage. The District is under the impression that Business Interruptions are covered but SDAO representatives are suggesting otherwise. Nothing is set in stone at this time and District staff will continue to directly investigate our insurance coverage with SDAO, as the District's current Agent of Record has not been very responsive nor helpful in the matter. Attorney Jeff Baker indicated that we need clarification on our insurance policy, and all board members agreed that Jeff should assist District staff in the matter.

LEGAL:

- a) A motion was made by Don Chandler and seconded by Allan Henderson to promote Jer Camarata from Interim District Manager to District Manager. The motion passed with all in favor.
- b) Trammel – As of January 2012, the District has paid off DEQ Loan #R32240 (Avalon-Belmont Project). As a result, the Methodist Road Pump Station is now owned by the District and considered an asset. After much discussion it was decided by the Board to hold onto the asset and use it as a storage unit.

OTHER BUSINESS: None

ADJOURNMENT:

There being no further business, Chairman Steve Benton adjourned at 1:34 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman