

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

The Board of Directors of the Farmers Irrigation District met on Wednesday, August 15, 2012 at the District office for the purpose of conducting its regular monthly business. Those in attendance were Directors Don Chandler, Steve Benton, Tim Annala, Bob Nickelsen and Allan Henderson; District Manager, Jer Camarata; Financial Administrator, Cathy Roberts; Water Rights Specialist, Rick Brock; Administrative Assistant, June Brock, and Attorney Jeff Baker.

Chairman Benton called the meeting to order at 12:03 p.m.

MONTHLY BUSINESS:

The minutes of the July 18, 2012 board meeting were presented and discussed. It was moved by Don Chandler and seconded by Tim Annala to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the month of August 2012 were presented and discussed. It was moved by Don Chandler and seconded by Allan Henderson to approve the bills in the amount of \$227,196.75. The motion passed with all in favor.

The LPFP-Disbursement #1 was presented and discussed (see attached). It was moved by Don Chandler and seconded by Bob Nickelsen to approve payments in the amount of \$24,800.47. The motion passed with all in favor.

BUSINESS FROM THE FLOOR: None

CORRESPONDENCE:

The Board of Directors reviewed a water right request application from Robert S. Benton (see attached). Rick Brock confirmed that water rights were available for that location. It was moved by Don Chandler and seconded by Bob Nickelsen to approve the application. The motion passed with all in favor.

REPORTS AND DISCUSSION:

- a) A/R report – Cathy Roberts reported that the District has received \$6,934.37 in payments since the July board meeting. Accounts receivable stands at 94% this year versus 96% last year. One foreclosure and five liens were paid off.

Hydro production for the month of July was projected at 800,000 kWh, with an actual

production of 939,375 kWh. Hydro revenue was projected at \$52,000.00 with actual revenue of \$60,302.96. The District's end of month balance for July was projected at \$1,095,530.23 with an actual balance of \$1,240,176.08.

b) Manager's Report –

Irrigation- Jer Camarata reported that the upper reservoir is down 4 feet and the lower reservoir is down 13 feet, and dropping. Jer also presented the Board with a graph representing reservoir levels over time since 1992 (see attached). Jer thanked Rick for putting the graph together. The graph shows days remaining of supply, at current rates, compared to remaining days in the irrigation season. Our reservoir levels are slightly above a 10 year average. Currently, the Hood River is flowing approximately 450 cfs at the Tucker Bridge gauge, and dropping. The river registers fairly high NTUs this time of the year, but customers seem pleased with our level of filtration. Irrigation delivery and service is running very smoothly thus far.

HydroPower- Jer reported that as of the end of July the District has produced approximately 16.2 million kWh and has reached approximately 106.05% of our 2012 projected trending annual hydro revenue (see attached).

Insurance Claim Update – Jer reported that as of last night SDAO has committed to providing an additional \$9k to cover certain overtime payroll hours accumulated during the Ice Storm. Since Staff have no other lingering concerns regarding the active Ice Storm claim, SDAO will finalize a Statement of Loss and work quickly towards claim closure. As a result of this news, FEMA Project Worksheets will now be submitted by District staff in the hopes of recovering up to 75% of eligible, uncovered claims. District staff have still not received any communication or assistance on the Ice Storm claim from our current Agent of Record.

At the last board meeting, the Board asked that Jer shop around for new insurance brokers, check references, conduct preliminary interviews, and bring a couple of prospect brokers before the Board for interviews. These interviews were conducted in an announced public meeting on August 14th with all board members present.

Jer asked legal counsel if it was necessary to go through any special hiring process or rules to engage a new insurance broker. It was advised by legal counsel that no formal process was necessary and that naming a new broker is a discretionary decision that should be made at the FID Annual Board Meeting. A motion was made by Tim Annala and seconded by Don Chandler to have Jer express District intent to move forward with Beecher-Carlson in an analysis of District insurance needs, whereby appointment of an Agent of Record can be recommended and made at the annual board meeting in January. The motion passed. The Board and Manager think that Beecher-Carlson seems capable of providing the coverage, depth, and level of service expected. Staff are going to immediately have Beecher's team on-site to conduct a district-wide evaluation, risk analysis, and disaster plan in an effort to have them track down, present, and potentially procure the coverage that best suits the District's

needs.

LPFP – Large Pipe Facilities Project Status – Jer informed the Board that three proposals were submitted on August 1, 2012 from JW Fowler, Kerr Contractors and Moore Excavation. On August 2nd and 3rd the Contract Review Committee conducted price tabulations, proposal assessments (see attached) and an interview. A short discussion ensued. A motion was made by Don Chandler and seconded by Allan Henderson to move into Contract Review Board session. The motion passed with all in favor.

CONTRACT REVIEW BOARD SESSION

The proposals and price tabulations were discussed and it was moved by Tim Annala and seconded by Bob Nickelsen to recommend to the Board that the highest ranked proposal be awarded to Kerr Contractors for the Large Pipe Facilities Project. The motion passed with all in favor.

It was moved by Tim Annala and seconded by Don Chandler to move out of Contract Review Board session. The motion passed with all in favor.

It was then moved by Tim Annala and seconded by Allan Henderson to accept the Contract Review Board’s recommendation and award the Large Pipe Facilities Project to Kerr Contractors, the highest ranked proposal. The motion passed with all in favor.

LEGAL:

Attorney Jeff Baker informed the Board that Staff and Management would like to entertain a change order to the existing contract on behalf of the Large Pipe Facilities Project. Due to the low price proposal and current low cost of pipe, Staff thinks that it would financially behoove the District to possibly pipe the stretch of lower Farmers Canal from Plant 3 to Draw#2 of the McCurdy reach this October. Jeff asked the Board members if they were comfortable with this change order (if applicable) to the existing contract. Currently, several variables still need to be explored, but Staff confirmed that DEQ has approved of the work and it is within the existing scope of the loan. Active discussion about the work specifics ensued. It was then moved by Tim Annala and seconded by Allan Henderson to move back into Contract Review Board session. The motion passed with all in favor.

CONTRACT REVIEW BOARD SESSION

It was moved by Allan Henderson and seconded by Don Chandler to recommend to the Board that the Farmers Canal, Plant 3 to Draw#2 of the McCurdy reach change

order to the existing contract, on behalf of the Large Pipe Facilities Project, be accepted. The motion passed with all in favor.

It was moved by Tim Annala and seconded by Don Chandler to move out of Contract Review Board session. The motion passed with all in favor.

It was then moved by Allan Henderson and seconded by Bob Nickelsen to accept the Contract Review Board’s findings and recommendations to approve the change order for the Large Pipe Facilities Project. The motion passed with all in favor.

ETO Low Line Application – Jer received word that ETO has received and reviewed our efficiency incentives application. The idea is that upon completion of the LPFP – Low Line Phase, the District hopes to be awarded an incentive payment from ETO. Then, once in-pipe kWh efficiencies have been realized and proven through a year of metering, the District could potentially receive an additional bonus incentive payment. Staff are working with ETO on some final questions, but expect to have resolution within several weeks. Staff have also begun working on a second ETO application for LPFP – Farmers Canal in anticipation of the new Farmers Pipeline.

Resolution 12-12. Mail-In Vote (see attached). It was moved by Tim Annala and seconded by Don Chandler to adopt Resolution 12-12 specifying that the November 13, 2012 election for Division 2 and Division 5 be conducted by mail-in vote. The motion passed with all in favor.

OTHER BUSINESS:

Extension of the regular Board meeting took place at 1:25 p.m. to accommodate a Budget Workshop. Jer Camarata presented the District’s historical financial trends and then potential trajectories based on adjustable variables organized into a 5-year pro forma. Jer will be conducting more research and running several reports on both the expense and income side to present at the next budget workshop.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 2:50 p.m.

Signed: _____
Tim Annala, Secretary

Attest: _____
Steve Benton, Chairman