

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, JULY 17, 2013

The Board of Directors of the Farmers Irrigation District met on Wednesday, July 17, 2013, at the District office for the purpose of conducting its regular monthly business. Those in attendance were directors Don Chandler, Tim Annala, Rich Hanners, Pete Siragusa and Erick von Lubken; District Manager, Jer Camarata; Water Rights Specialist, Rick Brock; Administrative Assistant, June Brock and Attorney Jeff Baker. Also in attendance was FCA Director, Julie O'Shea. The Following guests were also in attendance Rich Cannon, Nick Hogan, Susan Lund, Dave Bronson, Chris Christopher, Gary McFarlen, Bill Munk, Christine Halseth, Pam Dommer, Julie McIntire, Jim and Susan Widenmann.

Chairman Don Chandler called the meeting to order at 12:00 p.m.

MONTHLY BUSINESS:

The minutes of the June 19, 2013 board meeting were presented. It was moved by Pete Siragusa 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 July 2013 were presented and discussed. It was moved by Erick von Lubken and seconded by Rich Hanners to approve the bills in the amount of \$44,975.18. The motion passed with all in favor.

The LPFP-Farmers Canal Disbursement #1 was presented and discussed (see attached). It was moved by Erick von Lubken and seconded by Tim Annala to approve the payment in the amount of \$75,942.24. The motion passed with all in favor.

The LPFP-Farmers Canal Disbursement #2 was presented and discussed (see attached). It was moved by Erick von Lubken and seconded by Tim Annala to approve the payment in the amount of \$36,590.27. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

User Group Account Fee - At the June 2013 board meeting, after several months of deliberation and public input from attendees of previous board meetings, the Board of Directors resolved to end the practice of allowing User Group members to split the \$200 account fee. Starting with the 2014 irrigation season each property owner within a user group will be charged an individual \$200 account fee, just like everyone else in the District. On July 3, 2013 user group primary points of contact were informed of this change in policy via mail (see attached). Several user group presidents/secretaries and members showed up at the July board meeting and voiced numerous questions and concerns regarding this change. The District's board members, staff, and legal counsel answered, to the best of their knowledge, the questions that were posed. It was

mentioned and noted by Chairman Chandler that this cease of subsidy was in the name of fairness and fiscal responsibility, and the change in policy stands. The cost of enabling user groups to split the account fee is approximately \$119,800 annually, and the District can no longer afford this. Much discussion ensued and the board informed the attendees that the district will develop an informative Questions and Answers letter, based on all the questions asked. Such Q&A sheet will be forthcoming via mailings to user group primary points of contact, at the District's expense, and also posted to the District website in an effort to help people understand the various issues, concerns, and questions that were expressed at the July meeting.

FCA – FCA Director, Julie O'Shea requested an amendment in the FID/FCA Licensing and Loan Agreement, this amendment is necessary for FCA to receive funding from the Moore Foundation. FCA's requested actions are as follows:

- Date of License Agreement Termination - The FCA/FID license agreement to end in 2023 with expiration of the current patents.
- Royalty/Loan Payment Clarification - An amendment added to the FCA/FID licensing agreement, as well as to the loan agreement, stating that royalty payments relieve both FCA's debt to FID, and meet the terms of the FID/FCA loan agreement.
- Sublicensing - An amendment to the FCA/FID licensing agreement granting FCA permission to create sublicensing relationships.
- Technology Improvements - An amendment to the FCA/FID licensing agreement clearly granting FID ownership of all technology improvements.

It was moved by Rich Hanners and seconded by Erick von Lubken that a resolution be provided to amend the FCA/FID License Agreement. The motion passed with all in favor. The board asked that legal counsel provide changes to the Royalty/Loan Payment Agreement as well as Licensing Agreement. The board members also took a poll and decided to accept full payment of the balance of FCA's loan with FID in the amount of \$129,527.85, when such money is received from the Moore Foundation (projected for August 2013), and postpone royalty payments until FCA reaches "break-even," as defined by their audit and projected for 2015.

CORRESPONDENCE:

- a) The Board of Directors reviewed a MOU from Holly-Lois4some User Group (see attached). It was moved by Tim Annala and seconded by Erick von Lubken to approve the revised application as presented. The motion passed with all in favor.
- b) The Westside User Group provided a letter to the Board (see attached) informing that their user group members wished to be billed individually, The Board accepted the Westside User Group's request.

REPORTS AND DISCUSSION:

- a) A/R report – Jer Camarata reported that the District has received \$17,788.88 in payments since the June board meeting. Accounts receivable stands at 92% this year versus 92% last year. 20 liens were recorded at the Hood River County. The 2012 District Audit is near completion.

Hydro production for the month of June was estimated at 1.7 million kWh, with an actual production of 1.423 million kWh. Hydro revenue was projected at \$108,000.00 with actual revenue of \$92,269.45. The District's end of month balance for June was projected at \$1,556,822.16 with an actual balance of \$1,578,720.31

- b) Manager's report – Jer Camarata reported that the upper reservoir is down 4 feet and lower reservoir is down 11 feet and dropping. We are holding onto as much water as possible to get us through this dry year, and levelizing such stored supplies. On August 1st, we will conduct a burn-rate and supply/demand analysis for the upper and middle district. Staff is being conservative and watching the flows very carefully. The Hood River is flowing around the 400 cfs range this week. Irrigation delivery and service is running very smoothly this year considering the dry, hot weather. The crew has been working on numerous small irrigation breaks throughout the district.

Hydro Report- Jer reported that as of the end of June the District has produced approximately 15.4 million kWh and has reached approximately 94.5% of our 2013 projected trending annual hydro production (see attached) for the month. The Low Line pipeline was damaged by loggers which caused a shut down and some production time.

Coalition – On Tuesday July 16, 2013 Jer attended a Renewable Energy Coalition workshop in Madras. Mr. John Lowe of the Coalition will be attending the November board meeting.

Vacation Policy – Jer provided the board with a vacation policy summary and expectations and process sheet (see attached) per the new personnel policy. In April 2013, FID modified section 5.1 of its Personnel Policy to eliminate vacation tracking complexities. The board agreed with the expectation and interpretation of process and authorized Jer to carry out associated payments, including the full payout of flex-time.

August/September budget and board work session dates – After reviewing the calendar, board members decided that the August board meeting and budget work session will be held at 4:00 p.m. instead of noon due to potential harvest commitments.

LEGAL:

Attorney Jeff Baker is working on the FID/FCA License Amendment.

OTHER BUSINESS: None

ADJOURNMENT: There being no further business, the meeting was adjourned at 2:25 p.m.

Signed: _____
Rich Hanners, Secretary

Attest: _____
Don Chandler, Chairman