

FARMERS IRRIGATION DISTRICT
BOARD MEETING MINUTES
WEDNESDAY, SEPTEMBER 18, 2013

The Board of Directors of the Farmers Irrigation District met on Wednesday, September 18, 2013 at the District office for the purpose of conducting its regular monthly business. Those in attendance were Directors Don Chandler, Rich Hanners, Pete Siragusa and Erick von Lubken, District Manager, Jer Camarata; District Project Manager, Jerry Bryan; Administrative Assistant, June Brock, Water Rights Specialist, Rick Brock, Hydro Systems Operator, Zach DeHart and Attorney Jeff Baker. Also in attendance were Alan Robinson and Darren Wager of Gilkes, and Meri Stratton of Smith Way Tracts User Group.

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

MONTHLY BUSINESS:

The minutes of the August 21, 2013 board meeting were presented and discussed. It was moved by Erick von Lubken and seconded by Pete Siragusa to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the month of September 2013 were presented and discussed. It was moved by Rich Hanners and seconded by Erick von Lubken to approve the bills in the amount of \$300,958.31. The motion passed with all in favor.

Previously approved interim payments for LPFP Disbursement #7 were made in the amount \$163,391.75

BUSINESS FROM THE FLOOR:

Meri Stratton of Smith Way Tracts User Group thanked the board and management for the User Group Q&A that was sent out. Meri informed the board of her opinion that user group presidents/secretaries/treasurers were the District's greatest allies for communication between FID and user groups. Meri asked questions regarding the billing process for the user groups, and wished to get an understanding of any differences in how a small water right vs. a large water right within a user group was handled or administered.

Gilkes Turgo Presentation – After a short preamble by Jer, District Project Manager, Jerry Bryan gave the Board a sweeping overview of the long-awaited Turgo Re-Power Project details and proforma status. Jerry stressed the need to replace and retrofit Plant 2 with a new turbine and generator set. Due to low efficiencies, high annual maintenance costs, major ongoing cavitation and sediment issues, and past and future lost revenues (totaling ~\$4.5 - 6 million), management and staff believe that replacing the 30 year old, complex Francis turbine generators with a single state-of-the-art high-efficiency Turgo generator is a wise, if not necessary move. District staff and management have been assessing and analyzing the project for 18 months now. Darren Wager; US Sales Director and Allan Robinson; Design Engineer for Gilkes Hydro Systems introduced themselves to the Board. Darren gave a brief history of Gilkes, a UK based

company established since in 1853 formerly making agricultural equipment. Gilkes has built and installed more than 6,600 hydro turbines distributed throughout 87 countries world-wide.

Allan presented a Turgo retro-fit analysis of Plant 2 (see attached), based on information supplied by FID. Gilkes took into consideration using another set of new Francis turbines, but after assessing the data, it made much more sense that a single, high capacity Turgo unit would be a better choice for Plant 2 as it would handle the high fluctuation of river flows and heavy sediment loads with ease compared to a dual Francis configuration. After Allan addressed technical questions from the board and staff, Darren and Allan gave a demonstration of a fully working scale model of the Turgo unit (quite simple and spectacular) where further questions were addressed. The Board thanked Darren and Allan for their presentation and Chairman Chandler said that the Board looked forward to seeing a final proposal.

Jerry informed the Board that the District submitted a Renewable Incentive Application on September 16th to the Energy Trust of Oregon for the Re-powering of Plant 2. If the District is awarded this incentive, it could bring in anywhere between \$300,000 to \$1.7 million for the project.

Already a long board meeting, Board member Rich Hanners thanked everyone and excused himself from the meeting at 1:16 p.m.

CORRESPONDENCE:

Revised 2013 MOU's from the Moser Users Group, Triple J Subdivision and Highlands at Indian Creek user groups were presented. The Board accepted the revised fully executed MOU's.

An Out-Of-District Water Right Request was submitted by Tim & Ellen Heltzel. After discussion and due consideration regarding the District's statutory rights, access to infrastructure, information provided by OWRD, potential cost, logistics, and reasonableness, it was moved by Erick von Lubken and seconded by Pete Siragusa to deny the Out-Of-District Water Right Request. The motion passed with all in favor. Jer was instructed to inform the landowner.

REPORTS AND DISCUSSION:

- a) A/R Report – Jer reported that the District has received \$2,059.67 in payments since the August board meeting. Accounts receivable stands at 93% this year versus 95% last year. Hydro production for the month of August was projected at 650,000 kWh, with an actual production of 631,289 kWh. The District's end of month balance for August was projected at \$1,341,205.32 with an actual balance of \$1,528,203.21.

- b) Manager's Report –

Irrigation - Jer Camarata reported that the Hood River is currently flowing around

320 cfs. The upper reservoir is nearly empty and the lower reservoir has just enough water to get us through to the end of the season without rotation. Jer thanked patrons for their conservation measures.

HydroPower - Jer reported that as of the end of August the District has produced approximately 1.691 million kWh and has reached approximately 95.6% of our 2013 projected trending annual hydro production (see attached). Jer said that with an early rain and wet weather, September supplies and hydro production will likely be good. Jer thanked Zach and the crew for carrying out all the creative, pre-construction logistics that will allow us to produce power throughout the upcoming construction project.

All major annual electrical maintenance was performed on Plant 2, Plant 3, and the Switchyard by Emerson, Alstom, and FID Hydro Operator Zach DeHart. Plant 2 runners will be replaced mid-October and the plants will be 100% ready for hydro season.

Jer sold 8,174 of 2013 RECs worth \$6,900 to Shell NA and is now looking for a buyer for the 2014 REC's.

The District received a check in the amount of \$129,527.85 from Farmers Conservation Alliance (FCA). This amount retires all debt incurred thus far by FCA. FCA projects that royalty estimates should start up in 2015.

The District requested a refund from Ice Fountain Water District in the amount of \$3,600 for hook up to IFWD which was necessitated by last year's Oak Grove Water Company's E.coli incident. Jer was recently informed by Mark Beam that the request had been accepted and approved.

Health Reimbursement Plan – A formal, written health reimbursement plan has been finalized and implemented upon advice and input from our insurance broker.

2012 Audit – Copies of the 2012 Audit were supplied to the Board early September. After review, the Board accepted the 2012 Audit as presented.

The draft 2014 District budget will be provided to board members for review this week.

Finally, Jer informed that the long-awaited, new water accounting program is nearing completion.

LEGAL: None

OTHER BUSINESS: None

ADJOURNMENT:

There being no further business, the meeting was adjourned at 1:46 p.m.

Signed: _____
Rich Hanners, Secretary

Attest: _____
Don Chandler, Chairman