



BOARD MEETING MINUTES

WEDNESDAY, MAY 21, 2014

The Board of Directors of the Farmers Irrigation District met on Wednesday, May 21, 2014, at the district office for the purpose of conducting its regular monthly business. Those in attendance were directors Don Chandler, Bill Munk, Pete Siragusa and Erick von Lubken; District Manager, Jer Camarata; Office Manager, June Brock; and Attorney, Jeff Baker. Also in attendance was guest, LeRoy Nickerson.

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

MONTHLY BUSINESS:

The minutes of the April 16, 2014 board meeting were presented and discussed. It was moved by Erick von Lubken and seconded by Bill Munk to approve the minutes as presented. The motion passed with all in favor.

The O&M bills for the month of May 2014 were presented and discussed. It was moved by Pete Siragusa and seconded by Bill Munk to approve the bills in the amount of \$89,988.58. The motion passed with all in favor.

BUSINESS FROM THE FLOOR:

Mr. Nickerson voiced concerns regarding water flowing onto his property and claimed alleged damage caused by this water. Mr. Nickerson claims that these damages were caused by leaks from the pipeline. Specifically relating to a strip of Rainier cherries, Mr. Nickerson claimed that he will not know the extent of damage until late June. Chairman Chandler asked Mr. Nickerson for proof and documentation and if he would be willing to share such with the board. Mr. Nickerson did not present proof, but stated that he had previously met with the project manager on December 16, 2013 to voice his concerns. The District Manager also offered to pay up to \$1,500 to help Mr. Nickerson alleviate some of the drainage issues in his cow pasture during construction because the District did not yet have proof that the pipe was indeed leak-free. Mr. Nickerson indicated that he did purchase gravel in reliance on the District's promise to pay for this. Mr. Nickerson stated that the gravel was only "a couple hundred dollars", and he was not going to submit this bill to the District until later. Attorney Baker instructed Mr. Nickerson to submit that bill to the District. Meanwhile Chairman Chandler expressed to Mr. Nickerson that the District's contractor, Crestline Construction, has informed the District that the pipeline is now free of leaks. Mr. Nickerson disputed this assertion based on research he has conducted on-line regarding the material and processes utilized by Crestline in fixing the leaks. Mr. Nickerson's other concerns were lack of notification of the proposed project and District employees and construction crews not speaking to him or giving him advance notice of their actions. The District Manager made it clear that Crestline



Construction did, in fact, send letters to all land owners adjacent to the canal/pipeline well in advance of construction, in addition to having a personal conversation with Mr. Nickerson about the project. The District Manager said that District employees and construction crews spent a lot of time with Mr. Nickerson during the project, likely much more than with any other District patron. Mr. Nickerson also had issues with Crestline Construction regarding road access and pipe storage. Much discussion ensued. Legal counsel suggested that Mr. Nickerson submit a letter/invoice for damages to date for the board to review, so there is a procedure utilized. The Board will review this demand and make a decision about how to proceed. Chairman Chandler said that the District will still take the “wait and see” approach as far as pipeline leaks were concerned, “even though Crestline submitted a letter dated February 5, 2014 stating that the pipe was leak-free.” Chairman Chandler and Board Member von Lubken also offered their opinions that Mr. Nickerson’s property is geologically inclined to natural funneling of groundwater, and that may be the source of Mr. Nickerson’s problems and not the pipeline that the District’s contractor says is now leak-free. The board instructed the District Manager to put together options and schedules for accurately accounting for water within the Schedule E stretch of the Farmers Pipeline.

CORRESPONDENCE:

LeRoy Nickerson letter dated April 23, 2014 and FID response letter dated May 12, 2014 (see attached).

REPORTS AND DISCUSSION:

a) A/R Report – Jer reported that the district has received \$48,913.87 in payments since the April board meeting. The A/R balance is currently at 92% versus 88% last year. Four liens have been satisfied.

b) Hydro Production – April’s production was projected at 2,850,000 kWh. Actual production was 3,142,848 kWh (see attached). Hydro revenue for April was projected at \$195,282. Actual revenue was \$219,799.64. The District’s trending percentage of actual to projected kWh for the year currently sits at 96%. So far, May’s hydro production is looking above average and Jer hopes to make up a couple of percentage points.

c) Manager’s Report – Jer reported that both the upper and lower reservoirs are full and spilling. The basin snow pack is ~83% of normal and April’s precipitation was 120% of average (see attached). Irrigation lines are charged throughout the district, however full demand will not likely occur until orchardists begin to fully irrigate in early June.

TURGO – The district finally received a letter of approval dated May 14, 2014 from the EPA for its Plant #2 Turgo retrofit (see attached), stating that the project will have “no effect” on ESA listed species. Jer has also been working with our local bank to potentially establish a \$1.3M Note. However, after much review, and advice from our financial advisor, it has been determined that the Note terms and timing



• 1985 Country Club Road, Hood River, OR 97031 Phone (541)-386-3115 Fax (541)-386-9103 www.fidhr.org •

are not appropriate or acceptable. Jer has also requested a full refund from Oregon Department of Energy for the SELP loan application fee of \$7,500.

LIHI and Oregon RPS Recertification – On April 22, 2014 the District received a five year recertification from LIHI (see attached) and on April 24, 2014 also received a five year recertification for Oregon Renewable Portfolio Standard (see attached) on its power plants.

SDAO/SDIS – The district received a memorandum from SDIS requiring that the district enter into an intergovernmental agreement (Joinder of Trust Agreement) between SDAO/SDIS and Farmers Irrigation District (see attached). It was moved by Bill Munk and seconded Pete Siragusa to adopt the Joinder of Trust Agreement. The motion passed with all in favor.

Jer reported that the new draft updated personnel policy is substantially complete and now under legal review. It is expected that the draft will be available prior to the June board meeting.

The district recently purchased a used backhoe to replace its worn out backhoe, and is also working towards purchasing a used truck to replace a worn out service truck.

LEGAL:

District Counsel, Jeff Baker has further assessed legalities and resolutions concerning the District's ability and method of charging fees and collecting assessments.

OTHER BUSINESS:

Mr. Nickerson suggested that the District provide users with a newsletter, with project updates and other district related news. Much of this information is kept up to date via its website, but the District will consider the suggestion.

ADJOURNMENT: There being no other business, the meeting was adjourned at 1:17 p.m.

Signed: _____ Pete Siragusa, Secretary

Attest: _____ Don Chandler, Chairman