

Tuesday, October 17, 2017

Farmers Union Ditch Meeting

Board Present:

Sam Rosti, Lloyd Akins, Paul Akins, Tom Foster

Craig Waddell, Ditch Rider

Rosalie Cope, Secretary/Bookkeeper

Jerry Kiser, Attorney for FUD

Sam Rosti called the meeting to order at 6:02 p.m.

Minutes were read by Rosalie Cope.

Minutes approved with corrections.

Sam asked Craig for a report on Kendall Rivers. Craig reported that he informed Kendall he did not have to test anymore and that his job was secure until spring.

Craig reported he is shutting the water off on October 23rd. Next week he is going to work on a maintenance schedule for the Board to prioritize. The first project will be to remove headgates 32 and 134A as directed by the board. Some property has changed hands since removal of the headgates was originally discussed and Sam asked if we needed to re-think removal. Lloyd said the water has been moved to a westerly point of delivery and the existing headgates are not used for delivery to Roselands subdivision. Lloyd thinks the headgates need to be removed in order to protect Farmer's Union from liability associated with a canal breach. Sam asked if the canal bank is leaking and Craig said it is. He would like to bring in some material to reinforce the bank.

A set of plans to install a pressurized irrigation system for Vine Estates subdivision was dropped off at Lloyd's door. The property is going to be divided into six 5 acre parcels. Craig and Lloyd went out to the property and located two existing headgates, one of which is fairly new. There is also a pump station that pumps out of a natural pond fed by one of the existing headgates and delivers through a pipe. The plans call for removal of the existing pipe, see page C2.00. They also plan to keep the existing bridges which the Board is not sure will be approved by the County. The existing bridges may not withstand the weight or width necessary for emergency vehicles. The property owners plan to put in a pressurized pipeline as far as the bridge that goes across the canal. They want to use existing headgate 69 to divert water which is not in the subdivision but is part of the original property. The plan is to build a concrete box for the headgate to pour into. It appears the plans for the road are incomplete and show the road cutting into the canal bank. The plan calls for use

of headgate 70 which feeds a subdivision across Beacon Light Road and Vine Estates does not have any water delivery out of headgate 70. This would spread the water out over three headgates. Sam said Farmer's Union does not usually get involved in irrigation systems however there are not enough water shares to warrant delivery at three headgates.

The Board directed Jerry Kiser to contact the Land Group who drafted the plans along with the property owner and ask that they attend a Board meeting to present their plans. At this time the plans are unacceptable to the Board. There are several major concerns.

- 1) Road must remain 25' from water's edge
- 2) An HOA must be put in place
- 3) Farmer's Union will only allow for one point of delivery
- 4) A crossing agreement is needed for the pipe
- 5) A crossing agreement may be necessary for the bridge, along with a new bridge depending on Ada County's approval

Craig wants to remove an old pipe that crosses the canal. It has not been used in quite a while and was used to drain water off Ted Bierma's property and irrigated the front of the now Vine Estates property. Otherwise there is no water service to the front of the Vine Estates property. Craig said there is an unused headgate that was discontinued when the pump station was installed.

Paul asked if there has been any more thought given to Boise City's plan to put a berm in to isolate the pond and run a pipe under the canal or if the Board has a counter proposal. Lloyd said Sand Creek can be taken care of independently, without installation of a pipe.

Sam reported that Rad Farbo is no longer farming the Terra View property and is removing his pivots. Terra View plans to replace the two pivots with one large pivot. He is concerned Terra View does not have enough water for the amount of acreage they have. Terra View has 289.54 acres and 24 shares totaling 264" of water. Sam said the original owner Elmer Carlock did not transfer approximately 2 shares of water totaling 22" of water when he sold the property. It was determined the pivot point would be where the pond is on the former Flack property. Terra View may have all of their water delivered at headgate 109 in order to operate the pivot however that would leave the remainder of the property short of water. Sam is going to talk to Interwest and find out how much water is needed to operate the pivot.

The Board discussed an email from Crandall-Swenson regarding compiling quarterly financial statements. In the email Jeanette Rhodes, Accounting Services Manager for Crandall-Swenson explained the board decided to have them prepare a quarterly Compilation Report including a Balance Sheet and Income Statement. Ms. Rhodes goes on to explain that preparing the quarterly reports reduces the time necessary for preparation of the 990 report at year-end. Lloyd stated he did remember discussion in the past about not having the year-end financial reports ready in time for the

annual shareholder meeting. Sam said he is fine with resuming preparation of quarterly reports if it will cut down on expense and time at the end of the year. The Board approved to resume preparation of quarterly financial reports.

Jerry presented a letter he drafted to Capital View addressing the concerns Mr. Newton expressed about paying for storage water O & M costs. In the letter Jerry Kiser informs Mr. Newton the Farmer's Union Board will not waive O & M charges to Capital View for delivery of the Anderson Ranch storage water. The Board approved the letter and directed Jerry to send to Capital View.

Jerry received an email from Thomas Dvorak, council for Belmar Estates. Mr. Dvorak expressed concern that a Farmer's Union representative informed his clients all of the trees within the Farmer's Union right-of-way were going to be removed within the next few weeks, and had painted "FUD Right of Way" on his clients property. Jerry Kiser has been working with Mr. Dvorak for quite some time to find a resolution to the dispute over the location of the Farmer's Union easement and tree removal. At the September meeting the Board asked Mr. Kiser to prepare bullet points for discussion with representatives from Belmar Estates. The items Jerry proposes to address are:

- 1) Whose responsibility is it to maintain the trees along the canal bank?
- 2) In emergency situations regarding fallen or falling trees who has authority to decide if a tree needs to be removed and/or whose responsibility is it to clean the debris out of the canal?
- 3) Who is responsible for property damage caused by a fallen tree, either to structures, etc. or the canal bank?
- 4) Right of way on the north side of the canal
- 5) Bank maintenance for growth and stability

The Board approved the items of discussion and Jerry is going to set up a meeting with representatives from Belmar Estates.

Jerry reported Rosalie received a request for a copy of the September meeting minutes from Mr. White with Abco Engineering. Mr. White attended the September meeting on behalf of Abco's client, Mr. Ostrogorsky at 6549 W. Summer Hill Dr. to present their plan to stabilize the canal bank below Mr. Ostrogorsky's property. Jerry's recommendation to the board is to allow him to call Mr. White and ask why he is requesting the minutes and inform him the minutes are only available to shareholders. The Board granted Jerry authority to make a decision after the phone call as to share a redacted version of the minutes or not.

Jerry reported as of the meeting on October 5th the Lucky Peak O & M costs had still not been confirmed. Jerry said the local Core of Engineers office was in receipt of the budget from Walla Walla and was going to send over to the Bureau of Reclamation. The pre-billing for 2018 is going to be basic cost and the extraordinary costs will roll into the true up costs to be paid in 2019. There still has been no decision made on the feasibility of benefit analysis study because the question of

having to include Anderson and Arrowrock has not been resolved. If it is decided Anderson and Arrowrock must be included then the study will not be done. Jerry explained a new idea was presented for a mini study using economists who would do a cost benefit review for Lucky Peak only. The Director of the Interior can authorize the study. The study would help give space holders an idea of how the allocation might look if a feasibility of benefit analysis study were to be done. The mini study is non-binding and would not have any effect on space holders. Sam asked about the timeline and Jerry stated he was told it would take approximately two weeks for approval and two months to complete. Meetings are planned with the economists to find out how the result might help space holders moving forward. Jerry plans to meet with the BOR's attorney and bring up the point that a feasibility of benefit analysis study was done and presented to Congress in order to get approval to build Lucky Peak Dam.

Jerry reported BOR is moving forward with 1-11-11 agreements which are essentially agreements for a line of credit. There will either be a formula for repayment or a pre-determined rate based on the length of the contract. Agreements may be able to be extended as far as 50 years out. Jerry said there will be parameters on the agreement such as in order to access the line of credit Farmer's Union would have to have used 75% of reserve funds set aside for O & M and the funds may only be used for extraordinary expenses. Space holders do not have to use the agreements but Jerry thinks it is a benefit to Farmer's Union and worth the expense to be a part of the process. Jerry said the cost of drafting the agreements would be spread out amongst the total storage space and the cost to Farmer's Union should only be approximately \$1,000. Paul asked if the agreements are for Lucky Peak only or if they could be utilized for Anderson and Arrowrock. Jerry is going to look into it.

Rosalie provided the board with an A/R Aging Summary showing the shareholders who are delinquent on their assessments. At this time there is only one outstanding assessment for \$165.72. Sam asked if a decision had ever been made on accepting electronic payment. Rosalie ran through the options that had been presented at the July meeting and at that time the Board was leaning toward the QuickBooks pay-as-you-go option. There is no monthly fee, no set-up fee and a 3.5% plus \$0.30 per transaction fee. The Board approved accepting credit cards using the QuickBooks pay-as-you go option.

Sam asked if Rosalie and Jerry were working together to figure out the formula for Capital View's storage water O & M costs. Jerry reported he and Rosalie had been working on it.

Rosalie said in correspondence with Boise Valley Irrigation she noticed they charge a \$25 fee for lost certificates and asked the Board if that was something they want to consider charging for. It was discussed that lost certificates are becoming very common and do require additional work in order to transfer shares. Paul made a motion to charge 10% of the certificate transfer fee for lost certificates. Tom seconded and the motion passed.

Rosalie reported she has been working with Lloyd to clean up the headgate book and is close to having the updates complete however thinks some of the headgates are not assigned properly in the book. Sam asked Rosalie to remind the Board at the next meeting to direct the Craig Waddell to go through the updated book and make necessary changes.

Sam asked if the Board would consider moving the meeting time to 5:00 during the winter months. The Board approved. The next meeting will be November 14th at 5:00 p.m.

Paul Akins moved to adjourn the meeting; motion was seconded by Tom Foster. Meeting adjourned at 10:30 p.m.