

Minutes of the Annual Stock Holders Meeting of the Richmond Irrigation Company  
March 8, 2018

Annual Stock Holders meeting for 2018 convened at 7:00 p.m. on Thurs., March 8, 2018. Terry Spackman conducted. Board members in attendance included Terry Spackman, John Apedaile, Bret Christensen, Timothy Christensen and Curtis Dent, and Kip Panter (Secretary/Treasurer) and Van Skidmore (Watermaster). Eric Franson from Franson Engineers, Michael Jewell (Attorney from Peck, Hadfield, Baxter & Moore) and Jake Forsgren from Cache County Weed Department were also in attendance.

Stock Holders in attendance: Name, phone # , shares owned, proxy shares represented; Robert Rhoten (452-8068; 3), Kim Christensen (994-0589; 43), Chris and Clair Allen (435-760-1203, 147), Terrie Wierenga (770-906, 1), Jeff Young (232-8056, 2, 125 City; 33 Cemetery), Gale Alvey (258-2088, 57), Brook Skidmore (881-1254, 94), Vivian Christensen (770-2138, 256), Todd Downs (USU 229), Scott Tripp (757-2341, 50), Gary Dent (760-9227, 23, 12), Brandon Spackman, (770-9877, 16.5), Marvin White, (730-6933, 1), Kendall Johnson, (881-7084, 2), Tucker Thatcher, (881-2708, 1), Stuart Smith, (258-2223, 11), deJonge (258-3714, 9), Brent Wallis, (512-3619, 2), Gerald and Judy Smith, 770-1698 or 773-7626, 18), Keith Mikesell, (258-5412, 1), Jessica and James Adams, (535-6924, 3), Nathan Revo, (885-8182, 1), Kim Thorsted (801-721-8307, 1), Kip Panter 757-6424, 21, 86), Curtis Dent, (60), Bret Christensen, (65), John Apedaile, (62), Terry Spackman, (105.5). A total of 1541 shares were represented at the meeting.

Kip Panter read minutes of the annual stock holders meeting held on March 9, 2017. Jeff Young requested a minor change in wording of one sentence. Gary Dent moved to approve the minutes with the minor change suggested by Jeff, Scott Tripp seconded and the vote was unanimous. Gale Alvey mentioned that certain sections of the canal that were still open but abandoned, had grass and other debris in them. Jeff Young said the city had a meeting on that and they may need to get a backhoe in to clean out those sections before spring runoff. Terry Spackman said the irrigation company had an agreement with Richmond City to share in the maintenance of those abandoned sections to keep them open in case they are needed for runoff, the maintenance share is 80% Richmond City, 20% Richmond Irrigation Company. Gail mentioned the weeds need to be controlled also. Both the City and Irrigation Co are aware of this and spray weeds as needed. Scott Tripp asked about the Cherry Creek line and what was its size and flow rate. Bret said it was a 12 inch line and Timothy Christensen said it averages about 1250 gallons per minute plus or minus. John Apedaile said there was a 20 inch bypass to the High Creek line below.

Mr. deJonge suggested the minutes and business of the meeting be included in the web site for the next meeting. Kip said some of the information was on the web site and the minutes could be included also. There were multiple questions about the hydro electric and if it would pay for itself and what the expectations were. Eric Franson said the Hydro generation is secondary to the irrigation water and that the projection was about \$75,000.00 revenue annually from the hydro power generation. RIC found a private buyer for the power which was a much better rate than Pacificorp was willing to pay. This year should tell us how close we got to the projection keeping in mind that the Cove site produces power year around but the Richmond site only during the irrigation season or perhaps a month or two earlier and month or two later depending on the year

and how long we dare keep water in the lines. As it looks right now I think we should be close to the projection.

Scott Tripp asked Eric what the cost of the hydro power part of the system was and if he thought the power revenue would pay for the cost of putting in the hydro power part of the system. Eric said it cost about 1.5 million as part of the original budget with a projected 20 year pay out. The projection also includes an eventual pay back to the stockholders down the road. Right now that is speculation based on our engineering experience and our best estimates. Only time will tell. Scott asked about maintenance of the system and if RIC plans to keep revenue and maintenance costs for the hydro power separate. Terry Spackman said we hadn't thought that far down the road but that seems like a good idea and the company will do that and be able to report back to this body next year to see how we are doing. Bret Christensen mentioned that RIC installed a by pass at Whittles so that we could start generation a month or two before the irrigation season starts to maximize the hydro power benefit. This would give us several thousand dollars extra revenue. The by pass cost about \$15,000.00 and potentially could pay for itself in a month or two. Gary Dent suggested a motion be made that the company track hydro power expenses and revenue separate from the rest of the company so we can see how well it is performing. Terry suggested a motion was appropriate and Gary Dent so moved, Scott Tripp seconded the motion and the vote was unanimous. Kip will keep a ledger tracking hydro power expenses and revenue, we have to do that for the Coveville part of the system anyway as we have an agreement with the Coveville stockholders to cost share in that part of the system. Clair Allen said the cost share for the Coveville power unit is 30% to Cove and 70% to RIC. All expenses will be taken out and the revenue from that unit will be shared 30:70.

Terry welcomed Michael Jewell (attorney from Peck, Hadfield, Baxter and Moore). Michael discussed with the stockholders the need to merge the Richmond Irrigation Company into the Richmond Irrigation and Power Company to better reflect the current system. Also, it was learned through our audit by Allred/Jackson that we needed to apply for 503 (c) 12 non profit status with the IRS. Michael said this was in the process and once the board and stockholders approve to proceed with the plan to merge the current entity with the new entity (Richmond Irrigation and Power Company) then he will proceed with filing the articles of merger. Questions were asked how this would affect the current stock in the company. Michael said it would not change anything, each current certificate in the company will remain the same going forward. New certificates may reflect the power part of the company but all class A stock will remain the same. Gary Dent moved to accept the plan of merger for Richmond Irrigation Company to become Richmond Irrigation and Power Company, Vivian Christensen seconded and the vote was unanimous (1541 shares were represented by 31 stockholders present and 5 proxy). Michael said he would prepare the documents for the merger and have the board sign and he would then file them with the state and IRS. Michael thanked the stockholders and complimented the board for their organization and good work on behalf of all stockholders in the company. He then excused himself.

Terry then turned the meeting over to John Apedaile to conduct the business of electing 2 board members for 3 year terms. Terry explained that Curtis Dent had been appointed a couple of months ago to finish Ed Ogden's term as Ed needed to resign due to family issues at home. Bret Christensen's term was also up. Gary Dent nominated

Curtis Dent and Bret Christensen for 3 year terms. Robert Rhoten seconded. Brent Wallace moved the nominations cease, Gail Alvey seconded, vote was unanimous and Curtis and Bret were voted in by acclamation for 3 year terms.

Terry asked Eric to give the stockholders an update on completion of the piping project. Eric said the system was essentially complete except for the balance pond. That turned out to be a little more difficult than initially expected. Large rocks and some bed rock caused us to change the shape of the pond. Once it gets to its final stages we will survey it again to make sure we have the size necessary to work with the system. The plan is to bring it on line in the next couple of months for use in this year's irrigation season. Scott Tripp asked what the purpose was of the pond. Eric said it is to balance the system, when the demand is up the pond will go down and when the demand is less the pond will fill. The plan is to provide enough water so the water master can stay ahead of the needs and the pipe will remain full at all time. The pond is not meant for storage, only to balance the system.

Curtis Dent mentioned that SB 204 at the state legislature is intended to force all users to put meters on their lines. This bill is state wide and no doubt will become law in the next couple of years. Scott Tripp said he thought it was intended to be from Brigham City south to Provo. Curtis said he thought it was state wide and included all secondary water users, virtually everyone that has secondary water will have to meter it. Eric said he sits on the Executive Task Force on water in Utah and he would be willing to take any concerns to that group for discussion. This is something we all need to be aware of, as the population centers continue to grow they are after more water and this is how they will get it. Terry asked if there were any more questions for Eric. Eric then excused himself from the meeting.

Terry then turned some time over to Jake Forsgren, the Cache County Weed Supervisor to discuss some noxious weed issues in the county. Jake mentioned that there is a state law on the books called the Noxious Weed Act (1957) which basically states that all land owners must control noxious weeds on their properties or the Cache County Weed board can control them at a cost to the land owner. Jake stressed that the board wants to work with land owners and not be heavy handed in any way. Currently there is a list of 54 weeds on the noxious weed list, a copy of these can be found at the county extension office. Basically, these weeds spread by vehicles, railroads, water sources, etc. Currently the county is sending out letters making land owners aware and encouraging them to control those weeds. The landowner needs to respond to the county letter within 15 days and a second notice will be sent and if that is not answered then the county will make a visit and spray the weeds and send the land owner a bill. Jake said Cache County does a good job working with landowners and we want to be a resource to help landowners not a heavy handed group to force the issue. We need to control these weeds as some of them are very aggressive and will take over if not controlled. Bret Christensen sits on that board and is a resource to bring information from this group to the board. Jake thanked the board for letting him come to the meeting and excused himself.

Terry asked if there was anymore business to come before this body. Keith Mikesell said he appreciated the new line, cleaner water and no erosion. Gail Alvey also reported that he had good water this year. With no more business, Terry asked for a

motion to adjourn, Jeff Young so moved, Scott Tripp seconded and vote was unanimous and meeting adjourned at 8:40 pm until next year.

Approved:

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Kip E. Panter, Secretary Richmond Irrigation Company