

Minutes of the Annual Stock Holders Meeting of the Richmond Irrigation Company
March 9, 2017

Annual Stock Holders meeting for 2017 convened at 7:00 p.m. on Thurs., March 9, 2017. Terry Spackman conducted. Board members in attendance included Terry Spackman, John Apedaile, Bret Christensen, Timothy Christensen and Ed Ogden, and Kip Panter (Secretary). Eric Franson and McKenna Sumrak from Franson Civil Engineers were also in attendance.

Stock Holders in attendance: Name, phone # , shares owned, represented; Joel Petersen (435-757-9538; 2), Syd Sadler (8-5188; 2), Robert Rhoten (452-8068; 3), Kim Christensen (994-0589; 43), Craig Harris (881-5135; 67), Kevin Forsgren (757-9413; 117), Ken and Dorothy Marshall (760-5409; 19), Chris Allen (935-760-1203, 147), Terrie Wierenga (770-9061), Jeff Young (232-8056, 2, 56.5 City, 33 Cemetery), Gale Alvey (258-2088), Brook Skidmore (881-1254, 95), Alan Lower (757-0654, 156.5), Tucker Thatcher (881-2708, 1), Howard Andersen (258-2957, 228), Steve Buttars (770-8498, 2), Jerry Woodland (258-5660, 8), Scott Christensen (258-2662,10), Vivian Christensen (770-2138, 256), Clinton Housley (232-7739, 14), Paul Spackman (Circle S Brand, 801-309-8318, 34), Jon White (757-7062, 96), Ron Black, Shelley Skabelund 512-8196; 512-3375, 101), Vicky Jensen, Corey Jensen (258-2862, 1), Kim Wilson (10), Allen Lundgreen (760-9490, 36), Curtis Dent (258-5080, 60), Van Skidmore (770-7781), John Gilbert (213-7532, 21).

Kip Panter read minutes of the annual stock holders meeting held on March 10, 2016. Gale Alvey moved to accept the minutes as read, Vivian Christensen seconded and the vote was unanimous. Kip reviewed the annual financial report. Gale Alvey asked questions about the lateral 7 account and when lateral 7 stockholders could expect an assessment for repair and maintenance. Allen Lundgreen indicated that we were working on it and he and Kip would get that out ASAP. Gale asked about the Cherry Creek Loan payment, water master, if the pipe was big enough for the system and the pond construction at Singers. Terry S. said the Cherry Creek payment was the 3rd of 5 payments to pipe the Cherry Creek ditch from the diversion to about face rock, we are looking for a water master for the 2017 season. Bret indicated the balancing pond was about 30% complete, it will be sealed with clay in the bottom and rip rap along the top to prevent erosion. Eric Franson indicated the pipe was sized for maximum flow after high water in the spring and master meter is sized for 37 csf, the maximum flow is about 40 cfs. In order to size the pipe larger for the few days when water is high during runoff would have cost the company another million dollars and was not a sound economic decision. The pipe is adequate if we manage it right and we should be much better off this year after fixing some of the meter problems and bringing the balancing pond on line. We had more surprises last year than we expected although we knew it would be a steep learning curve. Eric indicated the pipe is designed to be pressurized and should be full at all times. We had some meter failures, some PRV failures and without the pond it was difficult to manage the flows and keep the pipe full. There is a plan to bring other water from springs into the pipe that normally flowed into the open canal. We should be able to do better this season. Dorothy Marshall asked about the budget. Eric said the project was not complete yet but looked like we will be about \$100,000.00 over budget. This was because of the hydro power and unexpected costs from Pacificorp. This will add a

little time to the loan payments but should not change the payment amount. The total cost of the project will be about 5.7 million and currently there is about \$700,000.00 left on the project. Scott Christensen asked what the \$26,000.00 deficit was on lateral 7. Allen Lundgreen said that lateral 7 was in bad shape and multiple leaks and sections of pipe had been replaced over the last two years, as well as some valves. This deficit on lateral 7 has been accumulating over the last 2-3 years, not just one year. Lateral 7 still needs some major work. The deficit will be assessed to lateral owners based on numbers of shares and acreage serviced by lateral 7. Kip and I will be meeting soon to get that all worked out. Terry indicated we still needed to vote on approval of the financial report. Gale Alvey moved to approve the financial reports as read, Robert Rhoten seconded and the vote was unanimous.

Terry S. then turned the meeting over to John A. to conduct the nomination and election of 2 board members. Terry Spackman and Tim Christensen's term were up this year. Tucker Thatcher nominated Terry Spackman for another 3 year term, Brook Skidmore nominated Tim Christensen for another 3 year term, Craig Harris moved the nominations cease and Kim Christensen seconded. Vote was unanimous and Terry and Tim were re-elected by acclamation.

Terry S. opened the meeting up for discussion and comments. Kevin Forsgren asked how the springs along the pipe would be injected into the system where it was a pressurized system. Eric said there will be about 3 locations where the springs will be injected. This will be determined by adjusting pressures to allow that to happen where spring pressure will be above the pipe pressure. The Ivan Allen spring will come directly into the pond. These springs usually dry up during the summer but will provide a little additional water until then. Ken Marshall said he had too much pressure at his place and it was not consistent ranging from 20 to 80 psi. Eric said that was part of the issues we dealt with all summer, some PRV's failed which caused pressure spikes but that seemed to balance out a little later in the summer. If the pipe is kept full and PRV's work the pressure at that location should be between 20 and 40 psi. Kevin asked why there would be pressure differences if the pipe was full. Eric indicated there was friction losses depending on how much water was being pushed through the pipe. Static pressure should be the same but when water is moving in and out of the pipe friction losses will change the pressures some. Syd Sadler asked how long the Ivan Allen spring flows. Eric said historically that spring and others dry up near the first of July, give or take depending on the year. This year might be a little longer, time will tell. Eric indicated that early in the season people liked to get watered up before turn restrictions are implemented and that should still be able to happen with the pipe but it will need to be managed and people will still need to take turns during that part of the season. This is one of the differences between using the canal versus a pressurized pipe system. There should be no reason that everyone can't have plenty of water early in the season, it will just be managed a little different than in the past with an open canal. The real difference will be later in the season and the pipe should make a noticeable difference providing more water later in the irrigation season. John A. said it was reported that there is 58 inches of water at the snow tell sight at Tony Grove, this year should be above average for water. Jerry Woodland asked if the pipe will take all of Cherry Creek water. Eric indicated the pipe won't take it all early in the season and the excess will just run around the existing ditch. The pipe was sized for an average water flow. Brook Skidmore asked

how water would be moved between High Creek and Cherry Creek. Eric said there will be 2 points where the water can be move down by gravity from Cherry Creek to High Creek and one point where it could be pumped from High Creek up to Cherry Creek. This will improve the overall system and improve the utilization of all of RIC water. There will be a pump at Kevin Forsgrens that will use the hydro power generated to pump water up to Cherry Creek. Dorothy Marshall asked about the flooding and if there was any water in the pipe currently. Eric said the pipe does not have water in it currently and could not be used for flood control. There are sections of the canal that were left open that were intended to carry runoff water to natural drainages. There is an agreement between Richmond City and the Irrigation Company to keep certain sections of the canals maintained for that purpose. The canal is still in place from 5th north to City Creek. The canal through most of the city will be maintained by the city for this purpose. Clinton Housley asked who was responsible for maintaining the remaining canals in other areas. Eric said it would be the property owner's decision to keep the canal open or fill it in where those easements will not be maintained by the city. Jeff Young mentioned that the city was working with the county to try to control some flooding and the problem out on North State street was quickly solved once it was determined who should be involved. There maybe some problems when these open canals are filled in, people need to think ahead before they fill in those sections going through their property. Mel Sadler said there were other problems further north that the county needs to address. Jeff Young expressed concerns about who is liable for damages in these situations and while the city wants to be proactive and help solve the problems we have to be careful to not accept the liability in the county when not responsible. Dorothy Marshall said there had been lots of flooding in homes along State Street. Others suggested this was due to circumstances around the rain and extra wet year. This is not unique to Richmond and most communities in northern Utah are suffering from the same issues. Shelley Skabelund mentioned a major wash on the road edge by Walkers and the dangerous intersection at that location. It's a lawsuit waiting to happen if someone runs off the road or has a wreck in that area. Syd Sadler said he had called the county a couple of times about that and other problems and so far nothing has been done. Jeff Young said the county has been overwhelmed and have set priority areas to address first and hopefully they will get to it soon. Paul Spackman asked about the hydro electric system and what the expectations were for power generation. Eric said the original projection was about \$75,000.00 projected revenue per year. We have secured a private buyer for the power and it appears we may be close to that projection. For a while we were uncertain as Pacificorp was only willing to give us a fraction of that. We haven't completed the agreement yet but it looks promising. Kevin Forsgren asked about the cost of the hydro electric part of the project. Eric said it was between 1.2 and 1.4 million of the total cost. It appears the payment on the loan for the project will be between \$187,000.00 and \$200,000.00 per year. Dorothy Marshall asked how that will affect our assessments. Eric said the projection at the beginning of the project was that stockholders would pay about \$30.00 per share. Currently it's at \$26.00 per share and it is anticipated that the \$30.00 per share is still a reasonable number. Clint Housley said he didn't get his share of water last year and there needs to be a better system in place for people to get their turn for water. Chris Allen said they set up a monthly schedule on the Coveville Webster system so people know when they can expect a turn. They set their system in blocks which works pretty good.

Terry S. said that would be great if we can make it work. RIC has many more users including farmers and city users to manage and there is a lot more water to be allocated. We will need to work on this and hopefully come up with a more equitable approach. Eric Franson said we should get along much better this year. Terry concluded the stockholder meeting by thanking those in attendance for their comments, patience and support through this project. Terry asked for a motion to adjourn until next year. Ken Marshall so moved and Clinton Housley seconded, vote was unanimous and meeting adjourned at 8:30 pm until next year.

Approved:

Date: _____

Signature: _____

Kip E. Panter, Secretary Richmond Irrigation Company