

Master

Minutes of the Annual Stock Holders Meeting of the Richmond Irrigation Company
March 14, 2019

Annual Stock Holders meeting for 2019 convened at 7:10 p.m. on Thurs., March 14, 2019. Terry Spackman conducted. Board members in attendance included Terry Spackman, John Apedaile, Bret Christensen, Timothy Christensen and Curtis Dent. Kip Panter (Secretary/Treasurer), Van Skidmore (Watermaster), Connie Ward, and Aimee Johnson also attended the meeting.

Stock Holders in attendance: Name, phone # , shares owned, proxy shares represented and e-mail; Clint and Connie Ward (452-512-1023; 9; clintmorganward@gmail.com), Kim Christensen (994-0589; 48; bonestock800@gmail.com), Chris and Clair Allen (435-760-1203, 147; 100; allenseedgrain@gmail.com), Terrie Wierenga (770-906, 1; terlou38@gmail.com), Cliff Mitchell (258-2190; 6; clin5567@juno.com), Jeff Young (232-8056, 2, 125 City; 33 Cemetery; jeff@askalltech.com), Gale Alvey (258-2088, 57), Van Skidmore (881-1254, 94), Amy Jensen (757-1103; 6; amydjensen@msn.com), Vivian Christensen (770-2138, 256; lynnvivian@msn.com), Brandon Spackman, (770-9877, 16.5; agneeds@hotmail.com), Kim Braegger (258-4339; 4; wskyjollow@gmail.com), Howard Andersen (258-2957; 229), Steve Buttars (258-5068; 2; sbuttars@live.com), Tucker Thatcher, (881-2708, 1; tuckerthatcher@gmail.com), Alan Lower (757-0654; 266; alan@lranh.com), Craig Harris (881-5135; 67), Geraldine Hansen (258-5210; 4), Clinton Housley (258-7739; 65), Ron Black (512-8196; 101), Gary Grandy (213-1625; 1; grandys@blackfoot.net), Kip Panter 757-6424, 23, 71), Curtis Dent, (76), Bret Christensen, (57.5), John Apedaile, (22, 3), Terry Spackman, (105.5). A total of 1998.5 shares were represented at the meeting.

Terry Spackman welcomed everyone to the annual stockholder meeting. Kip Panter read minutes of the annual stock holders meeting held on March 8, 2018. Terry asked if there were any questions or discussion on the minutes, hearing none he asked for a motion to accept, Terrie Wierenga so moved to accept the minutes as read, Kim Braegger seconded and the vote was unanimous.

Kip Panter presented the financial report. Clinton Housley asked about the Spencer well costs. Kip explained that the total cost included the purchase of a rebuilt natural gas motor (\$22,000.00). A question was asked about the cost of natural gas compared to electricity. John Apedaile explained that when all costs were considered it was considerably cheaper to use natural gas. Kim Braegger asked about the cost to Pacific Corp and hydropower in general. Terry Spackman explained the Pacific Corp charge was a fee for connecting to their power grid. This is a one time charge and should not occur again. Kip explained that he didn't totally understand the high charges from Rocky Mountain Power during the two high months for the hydro units, but after talking with Pacific Corp people the best he understood was that it was part of the contract with Pacific Corp and when we were not generating power that cost goes up. Bret Christensen explained that when water levels get low the turbines shut down and we have to shut down the Richmond Unit when it gets real cold. That's why there is less revenue during the cold months. We can generate almost year around at the Coveville plant but only during the irrigation season and a couple of months before or after on the Richmond plant depending on water levels. Terry also mentioned that because of low water, last year was

not the best year to get a good estimate of what the revenue stream might look like from the hydro power system. Hopefully this year will give a better view of the potential output of the hydro system. Kip passed out a spread sheet showing the hydro power output by month and also expenses associated with the hydro power production. There was a question as to why we sold the power to Hyrum City. Terry Spackman explained that Hyrum gave us the best deal at 5.25 cents per kwh versus Pacificorp at 2.25 cents, and we have a five year contract with Hyrum. Cliff Mitchell asked about the \$15,000.00 charge for the audit. Kip explained that was an audit by Jackson/Allred required by the Federal Government on the million dollar grant received from the Bureau of Reclamation for the piping project. This is a one time cost. There was a question about the laterals and why some were in the negative balance. Terry S. explained how those laterals are managed and that when a repair is needed the company gets it done to keep the water flowing and then the cost is past onto the lateral owners. For example lateral 7 has been accumulating repair bills over the last 5 or 6 years and an assessment was sent to all lateral 7 owners to bring this current. Likewise lateral 11 owners got together and decided to replace a major portion of that lateral and the cost was past on to them. We need to update the lateral owners on 8, 9 and others. We are in the process of doing that now. The repair and maintenance assessments are based on number of shares or acres irrigated on that lateral.

Gail Alvey asked about the balance pond and if this was a part of the piping project. Terry S. explained that it was included in the design and budget of the project. Curtis Dent said the pond really saved us last summer and it really benefited the city users during the later part of the summer. Terry S. said last summer was a perfect example of the critical need for the pond. It provided enough water so that city users were only restricted to a 24 hour set once a week verses a 12 hour set as in the past. Without the pond we would have gone to a 12 hour set once a week for city users. There was a question about pumping water from the High Creek pipe up to the Cherry Creek lateral. Terry S. explained this was in the planning stage and will be done as soon as the board takes a look at the budget. Terry S. asked if there were any more questions about the financial report. Craig Harris moved to accept the financial report as presented, Clinton Housley seconded and the vote was unanimous.

Terry S. mentioned that one board member was up for re-election (John Apedaile) and asked Curtis Dent to conduct this portion of the meeting. Curtis asked for nominations for a board member to serve a 3 year term. Kip Panter nominated John Apedaile, Allan Lower nominated Tucker Thatcher. Clinton Housley moved that the nominations cease, Craig Harris seconded. Kip passed out pieces of paper and instructed the stockholders to write down their name, number of shares owned and number of shares proxy and indicate how many votes for each nominee. Those ballots were collected and Curtis Dent, Amy Jensen, Connie Ward and Aimee Johnson left the room to count the votes.

Terry S. opened up the meeting for questions and discussion while Curtis was out counting ballots. Howard Anderson mentioned a leak on lateral 10. Terry S. said the board was aware of it and asked Van to take a look and get it on the schedule to fix it before the water season. Geraldine Hansen asked about late or unpaid assessments and how the company handles those shares. Terry S. explained that there is a process required to foreclose on a share holder and that we do all we can to avoid selling

someone's shares without giving them every opportunity to keep them. We have not foreclosed on anyone in the last 15 years. Kip has prepared a list and we may need to do that this year. Terry explained that the board was planning to implement a late fee and finance charges this year. Assessments will be due August 1 and a \$25.00 late fee assessed after that and a 1.5% finance charge per month after that.

Curtis Dent returned with the results of the election. There were 1903.5 shares represented. John Apedaile received 1343 votes and Tucker Thatcher received 560.5 votes. Brandon Spackman moved that the vote be accepted and John Apedaile be elected to another 3 year term, Kim Braegger seconded and the vote was unanimous.

Jeff Young asked about the process when a share is sold. Kip explained that most shares are by private transaction between the seller and the buyer and all transfers are approved by the board. Jeff Young expressed concern about who gets notified when shares come up for sale. Kip said most shares get sold through private transaction and the board only gets involved in approval of the transfer. Kip said he does have a list of people that want to buy shares and when people call interested in selling a share I tell them what they are worth and give them those names of potential buyers and let them make the contact and negotiate the purchase. Jeff Young mentioned a neighbor that had a share for sale and later listed it on KSL for sale and it was sold the next day. The board generally doesn't get involved except to approve the transfer. Terry S. said there are a few issues to consider when buying or selling a share, for example lateral 8 is over it's capacity and the board does not allow any new shares to be transferred to lateral 8. Alan Lower said Smithfield auctions delinquent shares off to the highest bidder. Kip said RIC would probably do the same on shares that are foreclosed on. We have not foreclosed on any share holders since I have been keeping the books. It is quite a process legally to do that and we try to help people avoid that or help them sell their share (s) before losing them.

Gary Grandy asked if shares are attached to the land. Kip mentioned that they are not and that would certainly be a good idea for Real Estate company's to do, but currently water shares can be sold separately. The board approves all transfers and the bylaws prevent water from leaving the RIC district. Gary Grandy asked about the rate and if it would be going up. Terry S. said the rate was currently \$28.00 per share with a \$56.00 minimum up to 2 shares and a \$70.00 stockholder fee for each share holder. Terry S. said the company was in pretty good shape right now and did not anticipate a rate increase this year but there would need to be some increases in the future. Kip said there are currently 584 share holders in the company and a total of 6039.8 shares. Curtis Dent explained that with the loan payment of \$186,400.00 due Sept. 1 of every year it is important that we collect the assessments on time. That is why the board has set a late fee after August 1. Brandon Spackman asked about the balance on the financial report and if there was any reserve for unanticipated repairs etc. Kip explained that the 2019 loan payment had already been accounted for and is shown on the financial report. Terry S. said the board has already considered that and under the current financial situation we don't anticipate a rate increase for a year or two. Terry Spackman asked if there were any additional questions or comments for the board.

Kim Braegger asked about surface water on south State Street and if that was because of the pipeline and abandoning the canals. He also mentioned that water running along that section of State Street was cutting under the road and he had to dig a ditch with

his tractor along the road to keep the water from running into his place and the neighbors. Kim said there was a culvert that needed to be cleared and that State Street was falling apart. John mentioned that most of that water was from a spring and other sources not related to the RIC water and was not caused by the pipeline. John explained that most of the canals through town were still open to carry runoff to John Whittles for flood control and the City and RIC share in the responsibility to keep them cleaned and open. Terry said there was a cost share agreement between Richmond City and RIC i.e. 80% Richmond City and 20% RIC. John said control of surface water outside the city and protection of the roads as well as road repair and maintenance in that area is the responsibility of Cache County. Kim said he would contact the county and bring it to their attention.

Gail Alvey asked about spraying on the old abandoned canals. Jeff Young said the city will coordinate with the RIC and try to do a better job spraying those areas next year. Kip mentioned that all the RIC pipe and canal easements, the High Creek diversion, the Cherry Creek diversion had all been sprayed and a second follow-up spray had been done in some areas to control Goatsrue, thistle and poison hemlock. There is a real scotch thistle problem just east of the High Creek diversion around Lewiston Cities water tank and we sprayed it once but it is Lewiston City's tank and they need get that under control before it spreads.

Kim Braegger asked how water was allocated by shares and how pivots were managed. Terry S. said that the rule of thumb is one share gets 10 gpm for 48 hours. Kip sends out a notice every year explaining this. Keep in mind that it depends on water supply. Later in the season it is sometimes impossible for everyone to get that amount of water. As for pivots, they can be calibrated to put so much water out and they are much easier to control water than the typical lawn sprinkler. Terry also mentioned that pivots are much more efficient at controlling water use and that's why NRCS is willing to cost share in water projects.

Terry asked if there were any more questions or comments before we adjourn. Geraldine Hansen expressed appreciation to the board members for their service and acknowledged the dedication and volunteer service from the board. Kip thanked Geraldine for this comment and mentioned that there was over \$300,000.00 in donated labor, equipment, and materials from the board on the piping project. The board work hard to get this project done. The \$300,000.00 in kind donation was a requirement from the state and Feds for the grant and the loan. Terry asked if there was anything else, and hearing not comments asked for a motion to adjourn.

Craig Harris moved to adjourn the annual meeting until next year, Chris Allen seconded and the vote was unanimous.

Approved:
Date: _____
Signature: _____
Secretary Richmond Irrigation Company