

MEDFORD IRRIGATION DISTRICT

Regular Board Meeting Minutes

October 11th, 2023 @ 1:30 pm

Present: Dennis O'Donoghue, Matt Borman, Henry Vaninetti, Jack Friend-Manager/Secretary

Absent: Sean Naumes, Dave Urton,

Call meeting to order: Director O'Donoghue called the meeting to order at 1:35 p.m.

Audit: Sandra Lang representing Molatore & Associates. In prior years, Medford Irrigation District was actually reporting on a government-wide general end-fund financial reporting basis. This caused two separate financials in your audit report. It was really hard to read. It is not standard for reporting for water districts. We compared it with other districts that we audit as well as about ten other water districts in the state of Oregon. We found that Brewster's office was the only one doing them this way. The standard way for a water district to report is to use a proprietary fund which is similar to how a business would operate. Since you charge the patrons for operations and maintenance, and it is more of a business structure. It causes only one set of financials to be needed. Instead of splitting them, everything is together. After our Auditor Manager Ray discussed this with Tammi and Jack, it was decided to change to the modified cash basis of accounting and report using the proprietary fund. This makes it more understandable for the users as the cash basis actually shows the activity in the district during the year and it is reported together as I mentioned. When you compare the previous year's report, you'll see that difference. As far as the audit overall, everything went smoothly. We issued an unmodified opinion, which is the best you can get. This means that nothing came to our attention that would cause us to modify or change our opinion. It says that the financial statements are presented fairly, and we can certify that they are not materially misdated. We had no findings and all the documentation that we audited was acceptable. If you turn to page four of the financial statements, it has a summary of the district's operations. You will see a net income of \$116,646.00. This is about a 70K increase in net income from the previous year. A few of the factors that affected this were revenue from assessments collected increased that amount by about 20K. That is mainly due to the timing of payments because of the switch to the cash basis. The district also received the drought relief grant fund in the amount of 135K during the year, investment interest increased by about 10K from the previous year which is really good, and your overall expenses increased by about 97K. Net income was positive even with that increase. The district paid off its loan with the Bureau of Reclamation during the year, so on 12/31/22 there was no debt. Overall, the district is doing good with a positive net position of about 4.6M. This mostly consists of the infrastructure assets. We have issued the final audit, and we have no concerns with the district.

Director O'Donoghue: Why would Brewster's office report that way?

Sandra: Not sure, like I said, all other districts report on a cash basis, and I am not sure why.

Friend: I wonder if it is because of PERS? Tracking them and other districts that carry PERS. I don't know how that would reflect the reporting, just a thought.

Sandra: With the modified cash basis, you actually aren't incurring any of the deferred inflows and outflows of resources that are associated with PERS. You'll see in the notes that the PERS information is still being reported but you don't have to report those inflows and outflows associated with the PERS.

Director O'Donoghue: Any questions from anyone? I want to thank you and thank Tammi and Jack. Those audits are never easy. It's always nice to come out of an audit with no findings.

Friend: I just wanted to say that the over to the new firm and switching to that proprietary fund reporting went a lot smoother than the previous audits. Were happy with the decision that the board supported us on.

Minutes: Director O'Donoghue asks if there are any comments, corrections, or concerns about the minutes. Director O'Donoghue called for a motion to approve the regular board meeting minutes. Director Borman motions to approve the September 20th, 2023, minutes, Director Vaninetti seconds the motion, and the motion carries.

Financials: Friend: Nothing significantly different from a couple of weeks ago. Everything is looking good. Payroll through September is 83% of the budget. Obviously, the adjudication and attorney fees were higher than we were anticipating with the call. We will be using up the drought relief grant this fall with the larger shotcrete jobs scheduled.

A lot of the fees you will see are reimbursable. Our general operation and maintenance is looking good so far this year. I think we have enough information to begin our budget for 2024.

Director O'Donoghue called for a motion to approve the financials. Director Borman motions to approve the September 20, 2023, financials, Director Vaninetti seconds the motion, and the motion carries.

Delinquent Accounts: Flanakin: Taylor's account which we have won that case. Ms. Taylor has contacted us to set up a payment plan. The attorney has modified the plan before submitting it to Ms. Taylor. She returned the signed copy and made her first payment. We anticipate the attorney fees payment and her regular scheduled payment at the end of the month. We hope she continues to make the on-time payments in the future.

Elections: Friend: I requested this memo because yesterday was the deadline for the election nominating petitions. For precinct E, we received a petition from Tom Brookins a week plus ago. That is the only one that we received. We did have Sarah Del Rosa bring one on the day it is due around 10ish. Tammi informed Ms. Del Rosa the statute says which is a bona fide owner or shareholder of the qualified property. We received a couple of hours later a document that said Ms. Del Rosa was the Secretary/Treasurer of the committee. We were not sure if we could accept that document with the policy we have and the district laws. We petitioned the legal to get involved and produce a document for the district to have on file regarding the qualifications of being a District Board Member. We need to give the sole nomination to Tom Brookins or have an election with Ms. Del Rosa. The memo states that with the current law the way it is, the tribe may have some way to make her a shareholder, but currently she has zero financial interest in the property she represents. By receiving that petition, with the deadline of 5 p.m., she did acquire a few more signatures that qualified and some were not. We provided her with an updated list for her to acquire the required amount of valid signatures. There was a signature that wasn't an exact match, but we could give her the opportunity to collect the correct signature that matches the voter card on file, the only issue at this point is, that we cannot accept the petition as was because she is not shareholder in the property she represents. If someone was a director in a corporation that would not qualify them to run, only vote on behalf of the corporation. The laws are set up to keep people who are vested in the district as members. If a tribe has a different mechanism to make her that, that is something that has to be done by the tribe. Are hands are tied at this point. We collect the memo to keep clear direction and guidance along with doing things correctly. Overall, it is the discretion of the board whether or not we accept that petition. The reason behind bringing this to the board is to move forward with the election process in a timely manner. Director O'Donoghue: What is the entity that owns the land?

Friend: The deed says Alturas Indian Rancheria. On the Bureau of Indian Affairs website, they are a registered tribe, and their Chairman is Phillip Del Rosa. The question was, with the Chairman being married to Ms. Del Rosa, does this give her some ownership? It does not expressly imply that. We do not know what it means for the tribes to give non-members ownership of the land. It's not the district's responsibility to get involved with that. We want to be able to give Ms. Del Rosa clear guidance on how to become a qualified participant for the board of directors.

Director O'Donoghue: I know that Oregon is not a community state. I would think that we cannot accept her petition based on the qualifications. If the tribe decides to make her a qualified candidate she can produce the correct documentation, then she can run next time. I think we need to write a letter to Ms. Del Rosa with our decision and recommendations to be able to run if she decides to do so in addition to detailed reasons why her petition was not accepted.

Administration: Friend: Pretty standard practices so far. Fourmile is drained, Fish Lake was at 22 % last year and is currently at 41%, Howard last year was 6% Hyatt at 2% and Emigrant was at 4% this time last year. Now we are at 34%, 40%, and 14% respectively. Definitely in better shape. I like to use a 7-day average for our biological opinion. I use the creek flows for that period to determine what we will have to use during the summer. We are slightly below a median water year, approximately 8K acre-feet in the Hyatt, Howard, and Emigrant systems. That's a big battery of water. Last year we would have been at 5K. A total of 32K acre-feet going into the new season is a positive outlook. The stream flows are at 98% of the average. The precipitation looks good as well. The state of Oregon is going to be dryer and warmer this season, however, I have heard the opposite as well. The good thing so far is we have had quite a bit of precipitation. As far as the litigation at Fourmile, the OWRD's attorney has filed 2 out of the 7 cases to be dismissed. Our attorneys want to get into court to oral argument the 2 cases that the OWRD has filed for dismissal. With Fourmile being drained and coming into a dry winter, and if there is a call on the water for the lake, we wouldn't have any of the water from Fourmile. The watermaster for our area is still on administrative leave as of yesterday. I was hoping to have a document from FCA to present to you, they weren't quite wrapped up with it. We have a few

things up in the air: Dowl is our engineer, and I'm going to begin negotiations with them in the near future to go over the contract cost and expectations and will be utilizing legal to look over those documents. As we move forward, we need to start pulling funds. The way EPA disburses, we have to have a cost share waiver. You would submit a bill and they would pay 80% and the other 20% for the engineering, we would send the entire bill to both entities and the 20% would be reimbursed 50% by DEQ, with the cost share waiver of the other 50%. There needs to be a joint board meeting with RRVID and MID so if there are any hiccups, we all know the risks. For the EIS for the large piping project, we are getting agreements with Parametric, they are going to support the development of the draft and submit the draft then go to a scoping meeting for public comment. Next will be the economic analysis and some cultural resource surveys. This will give us a better understanding of what is going to be like. For the floating solar project, CWSRF wanted to know if MID could afford a loan, so they wanted to see the 2022 financials. If we can get the RFP finished and out, we can start the work before December 31st to be able to apply for the tax credit for this year otherwise we wouldn't be able to apply for the tax credit until December 31st of next year.

RBWUCI: Director Borman: You did mention that we would be seeing an increase in legal. Do you see this continuing?

Friend: If we go into the courtroom, I believe it will be a little higher. We have been anticipating this since the call in March. I can reach out to Steve Shropshire and see if there is a way to estimate for next year.

Director O'Donoghue called for a motion to approve the RBWUCI bill of \$8,400.34. Director Borman motions to approve the September 2023 RBWUCI bill, Director Vaninetti seconds the motion, and the motion carries.

Old Business: Resolution for Financial Policy & Procedures. Director O'Donoghue called for a motion to approve the resolution and Financial Policy & Procedures. Director Borman motions to approve the resolution and Financial Policy & Procedures, Director Vaninetti seconds the motion, and the motion carries.

Adjourn Regular Session: The Meeting adjourned at 2:43 p.m.

Call to Order Budget Meeting: Director O'Donoghue called the meeting to order at 2:47 pm

Friend: We need to separate the reimbursable items on the P&L to be listed on their own, so we have a clear understanding of our actual operating cost of the district. We can increase it to \$2 per acre for 2024. We estimate a 10% for our administrative benefits. The Bureau of indebtedness is paid now. We need to decide on a split of the per-acre charge. So a few things that need to be addressed in creating the 2024 budget.

Adjourn Budget Meeting: The Meeting adjourned at 2:58 p.m.

Dennis O'Donoghue – Director

Jack Friend – District Manager/Secretary