

March 7, 2023, Annual General Meeting

The Eastern Irrigation District held its Annual General Meeting on Tuesday, March 7th, 2023, 1:30 p.m. at the Heritage Inn in Brooks, Alberta. Approximately 140 people were in attendance.

The meeting was called to order by the Chair of the District, Mr. Tracy Hemsing, at 1:30 p.m.

1.0 Welcome and Opening Remarks – Mr. Tracy Hemsing, Chairman, Board of Directors

Mr. Hemsing welcomed those in attendance at the Annual General Meeting, including Jennifer Nitschelm, Director – Irrigation Secretariat; Willemijn Appels, Member – Irrigation Council; Margo Jarvis Redelback, Executive Director – AIDA; several County of Newell Councillors, and City of Brooks Mayor John Petrie.

2.0 Election of a Chair for the Annual General Meeting – Mr. Tracy Hemsing

Mr. Hemsing called for nominations for Chair of the annual meeting.

Moved by John Ketchmark that Kelly Christman be nominated for Chair.

Mr. Hemsing called for any further nominations.

Daniel Doerksen moved that nominations cease.

Kelly Christman was elected Chair by acclamation. Ms. Christman assumed the chair.

3.0 Adoption of the Agenda

Ms. Christman facilitated introductions of the head tables, advised of the format for making comments and asking questions from the floor, and advised of 2 additions to the proposed agenda. A motion to adopt the agenda as revised was requested.

Moved by Kathlyn Peltzer, seconded by John Brummelhuis, that the agenda be adopted as revised.

Being that no further revisions to the agenda were voiced, a vote on the motion was requested.

The motion to adopt the agenda was carried.

4.0 Approval of the Minutes – March 8, 2022, Annual General Meeting

Ms. Christman called for a motion to accept or revise the minutes from the March 8, 2022, Annual General Meeting.

Moved by Kathlyn Peltzer, seconded by Anne Marie Philipsen, that the minutes of the 2022 Annual General Meeting be approved as distributed.

Having no requests for revisions or corrections to the minutes, a vote on the motion was requested.

The motion to approve the minutes was carried.

5.0 Business Arising from the Minutes – March 8, 2022, Annual General Meeting

Ms. Christman called for items of business arising from the minutes of the 2022 Annual General Meeting; none were raised.

6.0 Canadian Agricultural Partnership (CAP) Water Program – Ms. Marie Oxley – Irrigation Management Specialist, Alberta Agriculture and Irrigation

Ms. Oxley presented a summary of the Canadian Agricultural Partnership – Water Program, which will be replaced by the “Sustainable Canadian Agricultural Partnership” on April 1, 2023. The funding program can be accessed at <https://cap.alberta.ca/CAP/> for more information and is summarized as follows:

- eligible equipment upgrades:
 - new low-pressure center pivots, to replace flood, wheels, or high pressure pivots
 - retrofit of high pressure center pivots to low pressure center pivots
 - high efficiency sprinkler package upgrades
 - variable rate irrigation equipment and VFD's
 - control panel upgrades
 - pump modifications
 - drip irrigation to replace flood, wheels, or high pressure center pivots
- eligible applicants:
 - Alberta producers that own irrigated agricultural land and have not previously been approved for payment on the parcel described in the application
- eligible funding:
 - 25% of the eligible costs, up to a maximum of \$5,000 for equipment upgrades or upgrading to surface drip irrigation systems, or
 - 25% of the eligible costs, up to a maximum of \$15,000 for converting from flood, wheels, or high pressure pivots to low pressure center pivots or subsurface drip systems
- ineligible items:
 - new pumps, pipelines, irrigation expansions, or used equipment

Ms. Christman asked if there were any questions of Ms. Oxley; none were raised.

7.0 4-H Presentation of Thanks

David Peltzer presented a “Friend of 4-H” plaque of appreciation to the EID, accepted by Ivan Friesen, General Manager, on behalf of Newell 4-H for the club’s use of the boardroom since their previous venue became unavailable a couple years ago.

8.0 Presentation of Reports

8.01 Chairman of the Board of Directors Report – Mr. Tracy Hemsing

Mr. Hemsing presented the Chairman’s Report as summarized below:

- Winter snowpack and spring rains were a welcome relief from the lingering drought conditions.

- David Peltzer, Brian Schmidt, and Tracy Hemsing were acclaimed in Divisions 2, 4, and 7 respectively.
- The District continues to rehab and improve its infrastructure system to the benefit of water users and is conducting soil testing on various parcels of District owned land to investigate the possibility of irrigation expansion on these lands.
- Preliminary work continues on the Snake Lake Reservoir expansion project.
- Aquatic invasive species remain a major concern for the EID and Alberta Irrigation Districts Association (AIDA) and a collaborative approach continues in the prevention efforts.
- Portions of the Farm Improvement Policy ended September 30, 2022; the policy continues in its remaining format.
- The District continues to work closely with the County of Newell on projects such as the Drainage Program, Kinbrook Connection Pathway, and County of Newell Water Project.
- In October, Jason Hale received the appointment of Deputy Minister of Agriculture and Irrigation for the Province of Alberta. The Board of Directors thank Jason for his years of service to the District and welcome Richard Hiebert as he was elected to represent Division 1.
- In November, an open meeting was held with irrigators to receive feedback concerning the renewal of 31 long term (15 year) private grazing leases. Extensive discussions at the Board level resulted in approving a live auction process for the renewal of these leases. Moving forward, the length of term will be for 15 years, and the leases will be fully transferrable to any eligible water user.
- In January 2023, the Board of Directors voted unanimously to rescind the audio recording policy that was implemented in November 2021. Removing this policy will facilitate the sharing of ideas and perspectives as well as discussion amongst the Board members at meetings.
- EID staff were thanked for their hard work and dedication, especially during another year of change and pressures of conveying water in dry conditions.
- Water users were encouraged to continue to reach out to Directors with any suggestions, concerns, and questions.

Ms. Christman asked for a motion to accept the report.

Moved by Arno Doerksen, seconded by Holly Johnson, that the 2022 Chairman of the Board of Directors Report be accepted as presented.

Ms. Christman asked if there were any questions of the Chairman; being none she asked for a vote on the motion.

The motion to adopt the report was carried.

8.02 General Manager's Report – Mr. Ivan Friesen, General Manager

Mr. Friesen presented a PowerPoint providing expanded and complimentary information to the General Manager's Report, both as summarized below:

- A fatal diving incident occurred at the Lake Newell and Rolling Hills structure in October; the Occupational Health and Safety investigation is ongoing. Deepest condolences continue to extend to the family of the deceased.
- Due to the hot dry year prior and little precipitation in winter and early spring, irrigation delivery in 2022 began approximately 10-14 days earlier than usual, starting the week of April 25th. The mountain snowpack was well above average and could meet the early and significant irrigation demand and fill reservoirs to seasonal operating levels. Rains in June through mid-July

triggered a more typical irrigation season. Diversion was 478,000 ac-ft, 60,000 ac-ft less than 2021 and included 10,000 ac-ft put back into Lake Newell after the drawdown to accommodate the Scott pipeline inlet. Current snowpack is tracking below to within average ranges.

- 9 out of 33 projects, consisting mainly of open canal to pipeline, are complete under the Alberta Irrigation Modernization (AIM) program. This program is funded by the Government of Alberta providing 30%, irrigation districts contributing an initial 20%, and the Canadian Infrastructure Bank providing a loan to the districts which must be repaid. The Snake Lake Reservoir expansion project, which is part of this program, is in the engineering, geotechnical, and regulatory phase. The 67,000 ac-ft project will move 48,750 currently off-river acres to being under reservoir support and will indirectly support 96,000 off-river acres.
- Material supply constraints have created delays and scheduling adjustments for the District; some projects have been delayed a year or more.
- On-site preconstruction activities are occurring with respect to the proposed Brooks Solar Farm west of Brooks.
- The Farm Improvement Program saw 183 approved applications totalling \$1,964,259; with portions of the program being concluded September 30th. Overall method of irrigation shows low pressure pivots to have increased from 30.4% in 2002 to 79.97% in 2022. \$12.5 M has been contributed to irrigators since the program's inception in 1999, with the large majority of funds being outlaid since 2017 when the policy parameters were expanded.
- The number of cattle in the community grazing leases was reduced due to less reserve grass and poor spring moisture conditions; 16,427 head were placed. The rains in June and early July greatly improved pasture conditions. Snow accumulation to date will help replenish water supplies and it is projected to return to a maximum listing of 75 head per member for 2023. Additional waterlines and effective pasture management have enabled cattle listings to remain relatively stable through dry years versus comparative years in the early 2000's.
- 27 new wells were established on District land, 37 wells were twinned, 39 wells were reclaimed, 34 miles of new pipelines were added, and 1 seismic project was requested. Since 2014, 1,156 wells received abandonment notifications and 260 wells have been reclaimed.
- Phase 1 (One Tree/Duchess/Rosemary) of the EIDNet fibre project is complete and operational, Phase 2 (Bantry/Cassils) is near complete, and Phase 3 (Bow City/Rainier/Scandia) will begin in 2023.
- Topics that were before the Board in 2022:
 - Should the expansion of irrigation acres be done more quickly or differently?
 - Bylaw #965 proposes both off-river and under reservoir areas to have allottable acres increased by 50%. 1st and 2nd readings have been passed.
 - When should the District develop its own lands for irrigated farm or irrigated grazing leases?
 - Bylaw #965 also proposes irrigation development of District land with available carry forward acres.
 - Should the long-term Private Grazing Leases be extended to current holders or bid out as per the 2008 agreement?
 - A live auction renewal process was approved in January 2023 for leases that are not excluded from this process due to unique considerations.
 - Is the District willing to consider all industries/commercial activities that are looking to locate in the County of Newell?
 - All industries/commercial activities may be considered, including renewables. Current approved solar projects continue to move forward.

- Irrigators were encouraged to reach out to Directors to discuss any matters of interest including the following topics before the Board in 2023:
 - What cost may be prohibitive to construct the Snake Lake Reservoir expansion?
 - Should the Capital Asset Charge be increased?
 - Should large scale irrigation developments be allowed?
 - What role beyond irrigation development does the District play in the economic development of the area?
- Sincere appreciation was extended to water users, Directors, and staff for the dedication and work in achieving the District's primary directive of conveying water to the farm gate.

Mr. Friesen responded to a question from the floor, followed by Ms. Christman asking for a motion to accept the report.

Moved by George Graham, seconded by Wayne Slenders, that the 2022 General Manager's Report be accepted as presented.

As there were no further questions of Mr. Friesen, Ms. Christman requested a vote on the motion.

The motion to adopt the report was carried.

8.03 Maintenance Report – Mr. Ivan Friesen, General Manager

Mr. Friesen presented the Maintenance of Irrigation Works Report as summarized below:

- Maintenance costs for 2022 totalled \$3,133,397; which is somewhat above the 5 year average.
- The increased amount included unexpected maintenance on the Rolling Hills pump station, and increased costs related to inflationary pressures on the cost of materials and increasing recovery rates on heavy equipment.

Ms. Christman asked for a motion to accept the report.

Moved by John Brummelhuis, seconded by John Ketchmark, that the 2022 Maintenance Report be accepted as presented.

Ms. Christman asked if there were any questions of the General Manager; being none she asked for a vote on the motion.

The motion to adopt the report was carried.

8.04 Rehabilitation Report – Mr. Ryan Gagley, Engineering Manager

Mr. Gagley reviewed the 2022 Rehabilitation Report, displayed information on completed projects, and advised of plans for future Capital and IRP projects.

- In 2021/2022, \$39,960,000 of District funds were spent on Capital Construction. 25 km of pipeline was installed, over 3 km of canal was rehabilitated, and 10 concrete structures were replaced.
- 2022/2023 capital construction consists of 3 proposed projects, subject to Board approval: 01 One Tree, West Bantry Phase 3, and Rolling Hills Canal Rehabilitation, as well as the continuance of the County/EID Joint Drainage Program in the Rosemary area moving from Phase 2 to 3.
- One new pipeline will be installed under the IRP program in 2022/2023.

Ms. Christman asked for a motion to accept the report.

Moved by Tony Brummelhuis, seconded by John Brummelhuis, that the 2022 Rehabilitation Report be accepted as presented.

Ms. Christman asked if there were any questions of the Engineering Manager; being none a vote on the motion was requested.

The motion to adopt the report was carried.

8.05 Audited Financial Statements of the District – Mr. Ed Chapman, Bevan and Partners

Mr. Chapman, Bevan and Partners, presented the independent auditor's report and the audited financial statements, highlighting the following:

Assets

- Current Assets
 - Overall current assets increased by \$2.42 million. Cash decreased by \$9.33 million, short term deposits decreased by \$3.26 million and investments increased by \$11.66 million.
 - Accounts receivable increased by \$3.08 million. This was due to a large increase of \$2.96 million under the AIM program.
 - Changes that occurred in materials and supplies and prepaid expenses are normal fluctuations that can occur year to year.
- Non- Current Assets
 - There were no significant changes in long term accounts receivable, deposits, and trust funds from the previous year.
 - Long term investments, which are investments not due within the next 12 months, decreased by \$4.558 million.
- Property and Equipment
 - There was an increase of \$24.7 million net of amortization expenses compared to the previous year.
 - The increase in building and equipment was primarily the result of the continued Fibre Optic installation occurring throughout the District and other normal capital asset additions during the year.
 - The net increase in irrigation works was the result of irrigation works projects capitalized of \$39.97 million and the yearly amortization of \$19.56 million.
 - The irrigation works projects additions were comprised of the AIM projects, IRP projects, and other EID capital projects.
 - During the year there was \$11.179 million spent on the Snake Lake Reservoir expansion.

Liabilities

- The current liabilities are up \$2.33 million over the previous year.
- The increase in accounts payable accounted for substantially all of the increase and is a result of increased AIM expenditures and capital equipment purchases that had been committed to but not yet paid at year end.
- Long term debt increased by \$8.2 million, and this is directly attributable to the AIM Program.

- Deferred grants and contributions increased by \$650K during the year. The district received funding of around \$7.79 million from AIM and the Province of Alberta under the IRP program.

Fund Balances

- Fund balances are used to track how funds have been spent and allocated for future EID projects (Note 10 to the financial statements provides additional details).
- The total fund balances at year end are essentially the District's equity position at year end.
- Internally restricted assets are funds that the Board of Directors has allocated to future projects relating to community pasture development and irrigation works additions.
- Externally restricted assets are funds that have been received from the Province that must be used for specific cost shared irrigation projects.
- The total fund balance increased by \$11.26 million from the previous year end.

Statement of Operations

- During the year, the total water earnings increased by just over \$100K. This increase was a result of increased oil and gas activity in the District over the past year.
- Right of Entry and initial consideration was up over the previous year due to increased oil and gas activity.
- Capital asset charges increased by \$500K over the previous year, which is a product of the AIM program.
- Amortization of irrigation works has increased over the past year and was expected given the most recent capital asset additions to irrigation works.
- Total operating and administration expenses were up \$1.3 million; however, this was not the result of one specific item but more because everything was more expensive compared to 2021.
- Special projects saw increased expenditures over the previous year. A significant increase in Farm Improvement Program expenses was the primary reason for the net change from the previous year. This was due to an influx of applications as part of the program ended at the end of September.
- EIDNet revenue, as laid out in Note 15 to the financial statements, stayed consistent with the previous year and profitability dropped due to increased expenses and increased amortization expense as a result of the completed fibre line projects.
- The surplus at the end of the year was \$11.2 million.

Ms. Christman asked for a motion to accept the report.

Moved by Wayne Slenders, seconded by John Ketchmark, that the 2022 Independent Auditor's Report and Financial Statements be accepted as presented.

Ms. Christman asked if there were any questions of Mr. Chapman; being none she asked for a vote on the motion.

The motion to adopt the report was carried.

9.0 General Matters & New Business

9.01 General Matters Raised from the Floor

Ms. Christman asked if there were any questions from the floor.

Directors and the General Manager responded to various questions from the floor regarding the reinstated water rate, the Snake Lake Reservoir expansion project, irrigation development, capital asset charges, and hydroelectric generation.

9.02 Report on Scheduled Elections – Mr. Ivan Friesen, Returning Officer

Mr. Friesen reported that the terms for the current Directors for Electoral Division 1 (Gem/Bassano) and Electoral Division 5 (Scandia/Rainier) have been completed; therefore, nominations are being accepted for these divisions. The nomination period will close Wednesday, March 8, 2023, at 5:00 p.m. Nomination forms can be obtained from the District Office. An election, if necessary, will be held Tuesday, April 11th.

Mr. Hensing thanked everyone for attending and encouraged further discussions with Board Members after the meeting.

10.0 Adjournment

There being no further questions and no new business arising, Ms. Christman called for a motion to adjourn the meeting.

Moved by Allen Nielsen that the annual meeting be adjourned at 3:50 p.m.