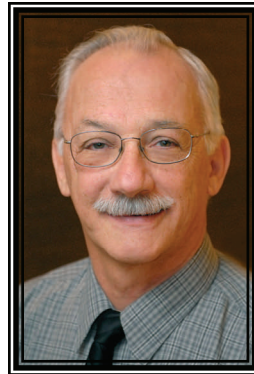


Annual Report for the Sandy Drainage Improvement Company

"Participating on the SDIC Board of Directors for seventeen years has been both challenging and rewarding. Thank you for the opportunity to serve."

Larry Medearis
President



FY 2007-2008

prepared

April 2009

GENERAL BACKGROUND FOR THE YEAR

The past year has been an exciting one for SDIC. The sale of the Alcoa/Reynolds property was finally completed by the Port of Portland. In turn, the sale of part of that property to FEDEX was also culminated laying out the possibility of even more changes to take place in SDIC next year. A levee was resurfaced; a financial reserves goal was met; and a celebration was held. It was a big year.

THE BOARD OF SUPERVISORS

The Board continues to be engaged and supportive of both SDIC and its contract staff. President Larry Medearis was elected to his sixth three-year term of office and was re-elected by the Board to the presidency of the SDIC. Steve Shaw completed his work in SDIC with Alcoa and ended his term of office in February 2008. He has done a quality job representing Alcoa, plus all landowners of SDIC, and will be missed. His replacement is Bob Fowler, whom the Board appointed to the vacant board seat until the election in June 2009. Bob is Safety and Emergency Coordinator for Toyo Tanso USA. He has served on many boards and commissions including the Reynolds School Board. The third Board member Dale Shamp, Environmental Health and Safety Manager for NACCO, continues to serve on the Board. He is now in his 19th year.

The Board took part in a March 2008 training of all four boards of supervisors by the districts' legal counsel Andy Jordan. Topics were: statutory authority, policies and procedures, relationship of board to staff, ethics and new legislation. David Ulbricht of Wedbush Morgan Securities spoke on bond issues, flex leases, and other loans



and reserves, preparing the boards for the decisions they will ultimately be asked to make regarding capital funding. The morning training was followed by a BBQ lunch with all MCDD staff members at which awards were given and acknowledgements made.

AWARDS

An award from the Special District Association of Oregon was shared by all four Districts after a competition among 900 special districts in Oregon. It was the 2007 Outstanding Special District Program Award for the district's work at creating the 4MAT (Four District Management Advisory Team), a quarterly roundtable of the four Columbia Corridor drainage districts' presidents used by staff to explore and discuss topics of mutual concern. Congratulations to all four Districts.

MANAGING THE DISTRICTS

The SDIC joins two other Columbia Corridor Drainage Districts in being managed by MCDD. By operating all four as one district, efficiency, cost savings and collaboration are increased significantly. For instance, the SCADA system ties all eleven pump stations of the four districts together into one computer network that can be operated from either a master control PC in the district office or by specially programmed laptops by evening and weekend on-call personnel. If need be, pumps can be turned on and off, one of about seven operational modes can be set and alarms can be monitored throughout the system. Also, a problem that needs resolution in more than one district can be researched by staff one time, saving money for all districts who would have spent at least three times the time and significant dollars to find the same solution.

PROJECTS

The selling and reselling of the old Alcoa-Reynolds Aluminum Plant property was the big news of FY 2007-2008. The Port of Portland purchased about 800 acres of land, then sold approximately 100 acres to FedEx, a company which plans to build a distribution center. The development by the Port will have both new industry and environmental restoration be part of its planning efforts.

The resurfacing of the landward side of the levee West of Sundial Road was begun in May 2008. The soil tested acceptable and was brought from a site near 164th and Airport Way. The contractor brought in the trucks, had his bulldozer guy do the contouring of the levee and paid for the hydro-seeding when they were done. There was no cost to the SDIC.

The SDIC website was upgraded along with the other districts. To see the improvements please go to www.mcdd.org and click on SDIC. You will be surprised.

The Board met its goal of meeting all reserve standards by the end of FY 2007-2008. It transferred \$46,000 into the reserves this year to meet the goal of \$305,000 set aside for emergencies or capital improvement projects. The goals were established in 2004 and the Board had been meeting a fifth of the goal each year. (see back page)

And finally, SDIC joined the other three districts in FY 2007-2008 in celebrating the 90th anniversary of service to the landowners. The event was held in conjunction with the Columbia Slough Regatta in July. A special video, thoughtfully produced by IBEX Communications, portrays the past, present and future of the districts in a 35 minute presentation, was universally appreciated by all who saw one of the three premier showings. Also unveiled that day was a statute built from recycled metal materials, entitled *The Sentinel*, welded by the MCDD field crew as their ninety-year tribute. In his base is buried a time capsule to be opened in 2057.

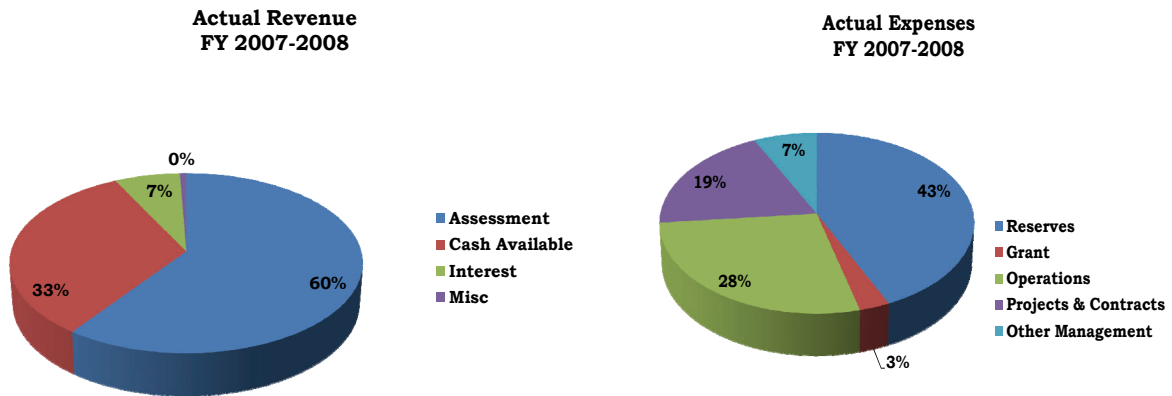


FINANCE PAGE

The financial statement for SDIC's FY 2007-2008 showed the following:

- While all reserve goals had been met as of FY 2007-2008, the capital reserve goal was changed and an additional amount was put into the capital reserve anticipating future needs;
- The SDIC paid MCDD in its FY 2007-2008 contract \$61,700 for maintenance of pump station, levee, ditches and culverts, and inspections, capital outlay and administrative project costs;
- The SDIC is fiscally sound. It ended the year with net assets totaling \$817,800 including the aforementioned reserves, plus insurance values for pump stations and ditches, and other cash;
- All accounts were fully insured, both in the Bank of America and the Local Government Investment Pool (LGIP);
- SDIC ended the FY with \$7,340 of assessment uncollected from 1998-2008;
- SDIC actual assessment collected for FY 2007-2008 was \$170,650, \$1,200 more than expected.

The following charts show how the revenues and expenses were categorized.



Please call SDIC if you have any questions about this report: 503-281-5675 x300