

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE OWYHEE IRRIGATION DISTRICT

October 27, 2009

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on October 27, 2009, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:30 p.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

| | |
|-------------|--------------|
| Curt Sisson | Jerry Nagaki |
| Bruce Corn | Frank Ausman |
| Dan Tschida | |

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; Harvey Manser, Assistant Manager; Peter Nichols, CPA; Eric White, District Patron; Charlie Barlow, District Patron; Linda Rowe, Malheur County SWCD; and Adena Green, Owyhee Watershed Council.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on October 19, 2009.

MINUTES. The minutes of the regular meeting of the Board of Directors held on September 21, 2009, were mailed to the Directors prior to the meeting. A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried approving the minutes as mailed.

FLETCHER GULCH PROJECT. Linda Rowe with Malheur County SWCD gave a presentation on a proposed pipeline project near Fletcher Gulch. She presented a map of the project and explained the proposed project in detail. She said that the landowners would be looking to the District to cover the cost of inlet structures. She said that the project would be encompassing nine landowners. Mr. Chamberlin said that the project would eliminate the 10.5 lateral. Ms. Rowe said all of the landowners have signed on. President Corn asked if there is an overflow drain engineered into the proposed pipeline in case of a massive shutdown. Ms. Rowe said that there is not and a discussion on the matter ensued. Adena Green said that Fletcher Gulch is on the TMDL watch list. Linda Rowe said that she is not sure how many landowners are committed to go to sprinklers. She said that a contractor would install the main line. President Corn advised Linda Rowe to get a checklist from Jay Chamberlin which outlines the District requirements for new pipelines. Mr. Chamberlin said that pipe size and location needs to be worked on. The need for further easements and engineering was discussed. Charlie Barlow spoke to the Board in favor of the proposed project.

At 9:15 p.m., Linda Rowe, Adena Green, and Charlie Barlow left the meeting. Director Tschida asked what the cost to the District of an inlet structure would be. Mr. Chamberlin said that he does not know yet, but would guess the cost would be between \$10,000 to \$15,000. He said that the inlet would be placed in the canal. He said that the proposed project would do away with one and a half miles of lateral. The discussion on the proposed project continued.

DISTRICT FINANCIAL REPORT. Peter Nichols handed out a monthly financial report for the District for the month ending September 30, 2009.

2010 DRAFT BUDGET. Peter Nichols handed out a revised draft budget for the District for the 2010 calendar year. He said that he added in \$1.00 per acre for Mitchell Butte revenue and \$1.00 per acre for excess water. He said that if the budget stays as it is, the annual charge would be \$55.00. He then handed out a list of potential areas which could be cut within the budget. President Corn said that labor costs also need to be addressed. President Corn said that he would like to look at 8-hour days versus 10-hour days. Mr. Chamberlin passed around letters from District foreman in support of the 10-hour day concept. Mr. Horton explained that there is a new law which places restrictions on public entities desiring to contract out work which could otherwise be done by public employees.

Mr. Chamberlin said that there is one ditchrider who will be retiring and a discussion on whether or not to replace the ditchrider was had. A lengthy discussion was had on labor costs and ditchrider hours along with projected equipment purchases.

RING GATE REPAIRS. Mr. Chamberlin reported that the Dam Maintenance Company is now working on coatings at the dam. He said that the bolts have been replaced and that they will try to float the gate in the next two weeks.

2010 DRAFT BUDGET (Discussion Continued). The chemical portion of the budget was discussed. Mr. Manser said by December 2nd, the District should have an answer on a federal label for the alternate weed control product. Mr. Manser and Mr. Horton explained a proposed contract which Baker Petrolite is wanting districts to sign in order to continue receiving the Magnacide chemical.

The list of potential budget cuts which Mr. Nichols prepared was reviewed and discussed. The Board came to the conclusion that by hiring someone from the maintenance crew to work as a ditchrider and implementing some of the budget cuts set out in Mr. Nichols' letter, that the annual charge can remain the same as it was last year. Mr. Nichols was instructed as to which budget items to cut in order to come up with a preliminary budget. The Directors discussed holding off on a final budget until the chemical situation becomes clearer.

At 11:20 p.m., Peter Nichols left the meeting.

DELINQUENT ACCOUNTS. Mr. Chamberlin presented a list of delinquent accounts which the Directors reviewed. After review, a motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried that letters be sent to all accounts which have not had a payment since December 31, 2008.

FALL WORK. Mr. Manser advised the Board of the planned fall work. He said that the Kingman liner is first on the agenda followed by ditch cleaning, and then the Old Ontario Dump Site liner.

OWYHEE DITCH PUMPS. Mr. Chamberlin said that the impellers should be getting cast and the District is in the first month of a three-month process.

DEAD OX PANELS. Mr. Manser said that he will have J.L. Eldred come before the Board and explain new technology on pumps that may work into the Dead Ox panels' issue.

MITCHELL BUTTE POWER PROJECT. Mr. Chamberlin said that there are issues with the gear box on the gate at the Mitchell Butte Power Plant. He said the estimated cost is \$30,000. He said that the vibration that was in one of the units seems to be an easy fix. Director Nagaki asked why there is no FERC fee on the Mitchell Butte accounts payable while there are FERC fees on the other Hydro Project accounts payable lists. Mr. Chamberlin said that he will check into the matter.

District Accounts Payable. The District accounts payable were reviewed and discussed. A motion was made by Director Sisson, seconded by Director Nagaki, and unanimously carried approving payment of the accounts payable for the month.

OWYHEE DAM POWER PROJECT.

Financial Report. Each Director was provided with a financial report for the month ending September 30, 2009 for the Owyhee Dam Power Project.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable for the Owyhee Dam Power Project:

| | |
|--------------------------|---------------|
| AT&T | \$67.27 |
| Oregon-Idaho | 212.69 |
| FERC | 14,230.97 |
| Nichols Accounting Group | <u>303.00</u> |

Total \$14,813.93

A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried authorizing payment of the Owyhee Dam Hydro Project accounts payable.

TUNNEL #1 POWER PROJECT.

Financial Report. Each Director was provided with a financial report for the month ending September 30, 2009 for the Owyhee Dam Power Project.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable for the Tunnel #1 Power Project:

| | |
|--------------------------|---------------|
| AT&T | \$30.99 |
| Oregon-Idaho | 158.58 |
| FERC | 13,237.25 |
| Nichols Accounting Group | <u>383.00</u> |

Total \$13,809.82

The accounts payable were reviewed and discussed. A motion was made by Director Tschida and was seconded by Director Nagaki that the accounts payable for the month for the Tunnel #1 Power Project, as listed in the agenda, be paid. A vote was had on the motion which passed unanimously.

DIRECTOR POSITIONS. Mr. Horton stated that the deadline for filing nomination petitions for Director positions for Divisions #1 and #3 has passed. He said that only one petition was received for each division. He said that the petition for Division #1 nominated Eric White and the petition for Division #3 nominated Bruce Corn. He said that Kris Ward has confirmed that each of the petitions contain at least ten signatures from eligible District patrons and that Kurt Sisson, District Secretary, has accepted the petitions. Mr. Horton said that Oregon statutes provide that if only one nominating petition is submitted for a Division, the Board is to name the person nominated in the petition as the duly elected Director without an election. A motion was made by Director Ausman and was seconded by Director Tschida that Eric White be named as a duly elected Director for Division #1 and that Bruce Corn be named as a duly elected Director for Division #3, both to serve for 3-year terms commencing January 2, 2010. The motion passed unanimously.

UPCOMING OWRC MEETINGS. Mr. Chamberlin advised the Directors of upcoming OWRC and SDAO meetings. He encouraged the Directors to attend those meetings.

EQUIPMENT SURPLUS. Mr. Manser presented a list of proposed surplus property. The list was reviewed and discussed. One of the items on the list was a utility box and Director Nagaki suggested that the box be kept by the District. A motion was made by Director Sisson, seconded by Director Ausman, and unanimously carried declaring the following property as surplus property of the District and that such property be sold by the District:

1. Ford 1966 F700 truck - no bed. Vin #F70EU837634.
2. Dump bed from wrecked Kodiak truck.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 11:45 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Michael W. Horton", written over a horizontal line.

Michael W. Horton, General Counsel

APPROVED: _____