

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

December 14, 2010

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on December 14, 2010, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:02 a.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Dan Tschida (who joined the meeting at 10:47 a.m.)
Frank Ausman	Bruce Corn
Eric White	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; Harvey Manser, District Assistant Manger; Tom Zittercob, Hydro Operator; and Linda Rowe, SWCD.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on December 14, 2010.

MINUTES. The minutes of the November 16, 2010 and November 23, 2010, meetings of the Board of Directors were mailed to the Directors prior to the meeting. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried approving the minutes as mailed.

DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out a financial report for the District which was prepared by Nichols Accounting Group. The Directors reviewed the financial report.

DISTRICT ACCOUNTS PAYABLE. The accounts payable for the District were reviewed and discussed by the Directors. A motion was made by Director Ausman, seconded by Director White, and unanimously carried approving payment of the accounts payable as presented.

MITCHELL BUTTE POWER PROJECT.

Generation Report. President Corn pointed out that the generation report is in the Directors' packets. He asked Mr. Chamberlin when the District will get reimbursed for the engineering costs. Mr. Chamberlin said that the District did get the insurance funds in and that the engineering costs reimbursement should be happening shortly. The matter was discussed.

Accounts Payable. Mr. Chamberlin presented the accounts payable for the Mitchell Butte Power Project. A correction to the list of accounts payable was made. The corrected accounts payable are as follows:

AT&T	\$ 61.86
Qwest	166.80
Marten Law	1,511.48
Stunz, Fonda, Kiyuna & Horton	769.00
Sunrise Engineering	18,763.61
McDevitt & Miller	345.00
Oregon Dept Energy	7,100.00
Owyhee Irrigation District	47.70
Atlas Polar	334.13
Nichols Accounting	<u>75.00</u>
Total	\$29,174.58

A motion was made by Director White, seconded by Director Nagaki, and unanimously carried that the accounts payable for the Mitchell Butte Power Project, as corrected, be paid.

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project for the period ending November 30, 2010. The Directors reviewed and discussed the report.

Owyhee Dam Power Project Accounts Payable. Mr. Chamberlin presented the accounts payable for the Owyhee Dam Power Project. A correction to the list of accounts payable was made. The corrected accounts payable are as follows:

Owyhee Irrigation District	\$47.70
U.S. Cellular	49.12
Qwest	12.67
Nichols Accounting Group	303.00
Oregon-Idaho Utilities	160.65
AT&T	<u>29.58</u>
Total	\$602.72

A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried that the accounts payable, as corrected, for the Owyhee Dam Power Project, be paid.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel #1 Power Project for the period ending November 30, 2010. The Directors reviewed the financial report.

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

Oregon-Idaho Utilities	\$ 117.10
Owyhee Irrigation District	47.70
AT&T	1.77
Nichols Accounting Group	<u>383.00</u>
Total	\$549.57

A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried that the accounts payable, as presented, for the Tunnel #1 Power Project, be paid.

FLETCHER GULCH PIPELINE PROJECT. Linda Rowe from SWCD said that the Fletcher Gulch grant has been recommended for funding. She said that if the grant is approved, the money will be available in July. She said that they have two years to complete the project after the contract is signed. She said that OWEB holds back 10% until the project is completed. President Corn asked Linda Rowe if she knew of the status of the Newell Project and she said that she does not know yet. Mr. Chamberlin said that the District will need to reapply to USBR for the installation cost grant money. Linda Rowe said that we will know in March if the OWEB grant has been awarded. She said that this is one of the larger projects and that it ranked 11 out of 30 for priority.

SWCD. Mr. Chamberlin asked Ms. Rowe where SWCD is headed. She said that budget wise, they are coming out of the hole. She said that the water monitoring program will continue for another two years. Mr. Chamberlin said that the money for the county-wide analysis has run out. He said that they may go after some other grants. Ms. Rowe said that the county-wide analysis has been a good project. Mr. Chamberlin said that the District appreciates the work that Gary Faw has been doing on collecting drain data. Ms. Rowe said that he is now getting information on flows also. She said that the Spark's proposal goes to the Project Committee on January 6th for possible approval.

NEWELL PIPELINE PROJECT. Director Ausman asked on the Newell Project status. Mr. Chamberlin said that the technical assistance grant money came in for the project. He said that they are now looking at doing the whole project. Linda Rowe said that the USBR grant funding did not come in. She said that they have not received grant money for the pipe yet. She said that it needs to be made clear that the failure to get the grant funding was not OID's fault. She said that the changing of the project is what held up the grant. Mr. Chamberlin said that if the grant goes through, the fall of 2012 would be the start and it would be a two-year project. He said that currently it is still in the engineering phase.

At 10:39 a.m., Linda Rowe left the meeting.

MITCHELL BUTTE REHAB. Mr. Chamberlin said that the 30% engineering has been completed. He said that SELP is wanting more information on flows. Mr. Chamberlin explained the additional work that the engineering firm will be required to do. He explained the need for supporting data on an additional 10 cfs and the matter was discussed. Mr. Horton explained the 10 cfs issue. He said that John Belmont who controls the purse strings on the ARRA money is aware of the additional engineering requirements and has indicated that the additional engineering costs will be paid from the ARRA funds.

At 10:45 a.m., Jon Lopez, District employee, joined the meeting.

Mr. Zittercob explained how the engineers will be calculating data for the additional information requested from SELP.

At 10:47 a.m., Director Dan Tschida joined the meeting.

Mr. Chamberlin said that in later conversations with Ed Tabor at SELP, Mr. Tabor indicated that SELP has been invested in bad projects and they are now wanting all new projects to be gold. Mr. Chamberlin said that he has had conversations with U.S. Bank on interim construction financing and they are wanting a project manager to be hired to oversee disbursement of funds. Mr. Chamberlin said that the District would be looking at \$3,000,000 of funding from U.S. Bank. He said that SELP asked about collateral and they are still not sure what their requirements will be. Mr. Chamberlin said that the District is doing all that it can do to upgrade the facility. He said that the time lines are beginning to get too tight. He said that Tom Elliott is not wanting to take the proposed project to the decision making committee in January, but wants to wait until all the ducks are in a row and present the project at a special meeting.

Mr. Horton explained the current Idaho Power negotiations. Mr. Chamberlin said that the District needs to put pressure on Idaho Power for a decision. Director Ausman said that this matter has been worth the fight. The discussion on the Mitchell Butte rehabilitation continued.

EMPLOYEE MATTER. Jon Lopez said that since the Board advanced his future sick leave and vacation time, it is once again running out. He said that he has a doctor's report, which he gave to the Board. He said that his surgery went well and that he is currently in therapy three days a week. He said that his doctor is now wanting him to do therapy through the middle of January. He said that the doctor is concerned about vibration work and he said that there are no light-duty jobs at the District which he could do. Mr. Chamberlin said that Mr. Lopez has used up the advanced time off extended to him. Mr. Lopez said that according to Kris Ward, he needs an additional 106 hours to get to January 7th. He said that other employees have advanced him hours. Mr. Lopez said that he is requesting an additional advance of 106 vacation and sick leave hours. President Corn said that the Board will discuss the matter and get back with him.

At 11:25 a.m., Jon Lopez left the meeting.

EMPLOYEE AGREEMENT. Mr. Chamberlin said that he believes that the agreement with the employees is all taken care of.

TOM ZITTERCOB CONTRACT. Mr. Zittercob said that he wants to delete four words from his contract and change one number. He said that on the personal use of his vehicle, he would like to take out limiting that use to the Treasure Valley area. He said that he would like 25 days of paid vacation. The vacation time was discussed. Mr. Horton asked Mr. Zittercob about the base rate he was requesting and he said that he wants his current salary, plus a 2% increase for the next two years.

HYDRO REPORT. Mr. Zittercob gave a report on the hydros. He said that he is going to be spending money on the Tunnel and Dam for maintenance work which is coming up. He said that he needs to buy a drum of oil. He said that miscellaneous things like fire suppression batteries and other maintenance work will need to be purchased. He said that there are no big ticket items and that he estimates a ballpark figure of \$10,000. He said that he will be scheduling the rolling maintenance. He said that the Dam Plant is ready to go. He said that 2002 was the last time the Dam Plant was torn down and that he would like to do it again in 2012.

PERMIT FILING BY PACIFIC RIM ENERGY. Mr. Chamberlin explained that a company known as Pacific Rim Energy has filed FERC permits for studying putting in low flow generators on district canals around the state. He said that OWRC is working on this and that the District may need to file a protest on the filing. Mr. Horton said that it will be important to stay on top of this to make sure that no deadlines are missed.

2010 BUDGET. President Corn noted that the last proposed budget included a \$4.00 increase in the District's incurred charges to patrons. He said that the proposed budget included a weedbeater and other items. Mr. Chamberlin said that he received information on increasing the deductible for health insurance. He gave a handout on the health insurance costs which was reviewed. Mitchell Butte funds were discussed with the possibility of being able to add back in the \$1.00 per acre and possibly taking \$0.50 per acre for this year. The snow pack and reservoir levels were discussed. Weedbeaters were discussed and the consensus of the Board is to use a \$30,000 figure on the mowers for the budget. 2010 projects and money being carried over from 2010 into 2011 was discussed. President Corn noted that the District cannot cut back on the pumping plants' budgets. District reserves were discussed, along with the possible year-end carryover. Mr. Chamberlin said that he will speak to Mr. Kemble about the anticipated carryover figure.

MEETING RECESS. At 1:26 p.m., President Corn declared the meeting in recess.

MEETING RECONVENED. At 2:15 p.m., the meeting of the Board of Directors was reconvened.

ANNUAL INCURRED CHARGES. Discussion on setting the annual incurred charges was discussed with regard to the budget. President Corn said that management needs to be commended for keeping within the budget this last year. Mr. Horton said that last year the District had a special assessment for the gopher program of \$0.35 per acre. The consensus of the Directors is that since this figure is in the budget, that it does not need to show as an additional special assessment. Director Ausman said that if the incurred charges are increased, each Board member will need to be able to explain and show what these increases are for. A discussion on weedbeaters was had.

A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried setting the annual incurred charges for 2011 at \$51.50 per acre and that there be a \$65.00 service charge imposed on subdivided and small tract lands consisting of five acres or less within the District, in addition to the total annual incurred charges.

VEHICLE SURPLUS PROPERTY. Mr. Chamberlin presented a list of vehicles which need to be declared as surplus. Mr. Chamberlin said that old scrap metal around the District is being sold and bringing in some money to the District. A motion was made by Director White, seconded by Director Nagaki, and unanimously carried declaring the following vehicles as surplus property and authorizing Mr. Chamberlin to dispose of such surplus property through an auction:

1995 Ford F150
1997 Ford F150 4X4
1996 Dodge 1500
2000 Chev 1500 4X4
1998 Ford F150 4X4

JON LOPEZ EMPLOYEE MATTER (Continued). Mr. Lopez's request for an advance of an additional 106 vacation and sick leave hours was discussed. A motion was made by Director White and was seconded by Director Ausman that the District grant Mr. Lopez's request but that this is the final advance and Mr. Lopez is encouraged to see his doctor. A vote was had on the motion. Directors Ausman, Corn, Nagaki, and White voted in favor of the motion and Director Tschida voted against. The motion passed by a vote of four to one.

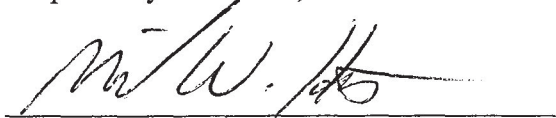
EXECUTIVE SESSION. Mr. Horton said that the Board needs to enter into executive session pursuant to ORS 192.660(2)(i) to discuss personnel matters. The Board entered executive session at 2:45 p.m., and Mr. Zittercob and Mr. Manser left the meeting.

At 3:30 p.m., the Board returned to regular session.

DISTRICT MANAGER CONTRACT. A motion was made by Director Ausman and was seconded by Director White that Mr. Chamberlin be given a one-year contract at his current rate of pay. Director Tschida made a motion to amend the motion to include a 1% increase in salary. The motion to amend was seconded by Director Nagaki and passed unanimously. A vote was had on the motion as amended and the motion passed unanimously.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 3:32 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____