

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

January 19, 2010

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on January 19, 2010, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:01 a.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Dan Tschida	Jerry Nagaki
Bruce Corn	Frank Ausman
Eric White	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; Linda Rowe, SWCD; Adena Green, Owyhee Watershed; Tim Newton and Carl Lee Hill, District Patrons; and Ray Waldo, Insurance Agent of Record.

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

ERIC WHITE OATH OF OFFICE. Mr. Horton administered an oath of office to Eric White as a new Owyhee Irrigation District Board member.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Mr. Chamberlin handed out a list of accounts payable for the District. The Directors reviewed the accounts payable. The Nichols Accounting bill was discussed. Mr. Chamberlin said that Mr. Nichols will be available later in the meeting to go over his billing. Director Tschida asked if the Board will get a year-end financial report next month and Mr. Chamberlin said that they would. Mr. Chamberlin said that the billing for AllTel Phone Company was doubled up last month and that was the reason why it seemed high. The District bills were discussed. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried approving payment of the accounts payable as presented.

NEWELL/FLETCHER PIPELINE PROJECTS. Adena Green gave the Board a handout on the proposed pipeline projects' timelines. She said that the Newell project is still being engineered. She said that SWCD would write the grants for the Fletcher pipeline. She said that OWEB will only fund the projects if the Irrigation District participates in the projects. She said that she wants a commitment from the District Board to participate in the projects. She said one way for the District to participate is for the Bureau of Reclamation to give the District a challenge grant. She said that she wants a commitment from the District Board to participate in the projects

even if the BOR challenge grant does not come in. She said that if it does come in, that grant can be used as a matching grant with the OWEB project. She said that the grants can be matched against each other. She said that another option would be for the Board to create a special district to collect the installation costs. She said that both grants require completion within two years. She said that on the Fletcher project, they have put in for automation of Locket Gulch as a place to dump water if the system goes down.

Mr. Chamberlin said that the District would have the manpower to do the projects available if there is a blend between private contractors and District staff. Adena Green said that they are trying to be proactive on the Clean Water Act. The timing of the two projects were discussed. Director Ausman asked what the cost would be for the District even if the BOR grant goes through. Adena Green said that the District would need to provide headgates. She said that there are eight water users on the Fletcher project farming approximately 1,000 acres who would be benefitted. Director Ausman said that he has a hard time having everyone in the District pay for a project which would just benefit a couple of farmers. Adena Green said that the projects benefit more than a couple of people by cleaning up the water. Mr. Chamberlin said that the projects would benefit the District as a whole by having more users go to sprinklers and drip. President Corn asked if there would be a loss of return flow. Mr. Chamberlin said that he believes there would be a zero negative effect.

President Corn said that he would be willing to support the BOR grant application, but that he is not ready to support the project if that grant does not come through. Carl Lee Hill said that Owyhee Watershed has looked at the watershed as a contributor to the water quality and never looked at individual landowners or landowner numbers. Adena Green said that we need to address the 303 listed waters. Mr. Chamberlin said that Vale has been successful getting BOR grants. He said that he thinks that there is a really good likelihood that the District would get the BOR grant. Adena Green said that they would apply for funding for both the Fletcher and Newell projects as one project with the BOR. She said that the grant would be for \$300,000. The two-year completion requirements were discussed. President Corn said that the Fletcher project would cost water users \$1.34 per acre for one year if the Board decided to support the project and the BOR grant did not come through.

At 10:46 a.m., Adena Green, Linda Rowe, Carl Lee Hill, and Tim Newton left the meeting.

INSURANCE REVIEW. Ray Waldo handed out information on the insurance policy for the District. He said that he started the renewal process back in October. He said that Special Districts' insurance renews on January 1. He said that the District's insurance is already renewed. He then went through the renewed policy. He said that the District has five million dollars worth of coverage. He said that there was a 1.08% increase in the premium. The renewal premium was \$73,396. Mr. Waldo said that it is important for the Board members to attend training to get discounts on the insurance. President Corn said that the District Board would like an early heads-up on the anticipated cost of health insurance for the District. Mr. Chamberlin said that Mr.

Waldo and Field-Waldo Insurance has done a good job of being proactive for the District.

At 11:00 a.m., Ray Waldo left the meeting.

CASCADE CHEMICAL PRODUCT. Mr. Chamberlin said that the company producing the Cascade weed control product has gotten an EPA label. He said that the District still has one skid of Magnacide left. He said that his recommendation is not to sign Baker-Hughes' proposed contract for future purchases of Magnacide and move forward with using the Cascade product. He said that he is not sure on the total savings to the District. He said that the District will continue to use Xylene. He said that the District will still need an NPDES permit for the Xylene, but not for the Cascade product. He said that the District will leave its NPDES permit in place for this next year.

At 11:09 a.m., J.L. Eldred, District Watermaster, and Steve Smith, Riverside Electric, joined the meeting.

Mr. Chamberlin said that the District may see some issues with the application of the Cascade product. He said because the product is treated later, there may be some weed growth early on. He said that the District will most likely use the skid of Magnacide on the lower end. If the product is not used, it could be sold back to Baker-Hughes at the end of the season. Director Ausman asked if money that is saved by using the Cascade product could be used to spray the ditch banks.

DEAD OX PUMPING PLANT. Mr. Eldred said that he has brought Steve Smith to the meeting to explain variable drives for the pumps at the Dead Ox Plant. He said that rather than going ahead and purchasing new panels, the Board may want to consider these new variable drives which would require different types of panels. He explained that new technology for variable drives have made them now available for pumps of the size which are used in the pumping plants. He said that there may be some grant money available. He said that switching to variable drive pumps would lead to water conservation, energy savings, and maintenance savings. He said that variable drives would require bigger electrical panels which would require a new room to be built for the panels. Mr. Smith gave an estimate for the variable drives which do not include building a new room for the panels. The estimate is \$470,353.45. Mr. Eldred said that he thought the Board would like to have this information before moving forward with spending \$50,000 on new panels which would not work if the District were to move toward variable drives. The life expectancy of variable drives were discussed. Mr. Eldred said that he will continue to look for possible grants.

OLD OWYHEE PUMP. Mr. Smith said that the impellers for the pump are on a boat coming from China and should be here in early February.

At 11:37 a.m., J.L. Eldred and Steve Smith left the meeting.

MINUTES. The minutes of the December 22, 2009, meeting of the Board of Directors were mailed to the Directors prior to the meeting. A motion was made by Director Nagaki, seconded by Director Tschida, and unanimously carried approving the December 22, 2009, minutes.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin said that the financial report for the Mitchell Butte Power Project is in the Directors' packets. He said that repair parts have been ordered for the facility.

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

AT&T	\$70.17
Malheur Bell	122.46
Nichols Accounting Group	<u>75.00</u>
Total	\$267.63

A motion was made by Director Tschida and was seconded by Director Ausman that the accounts payable for the month for the Mitchell Butte Power Plant, as listed in the agenda, be paid. The motion passed unanimously.

REORGANIZATION. President Corn stated that this, the first meeting in January 2010, is the time for the reorganization of the Board.

ELECTION OF PRESIDENT. President Corn opened nominations for the election of the President of the District for the ensuing year. Director Ausman nominated Bruce Corn. Director Nagaki seconded the nomination and moved that nominations cease and that a unanimous ballot be cast for the election of Bruce Corn as President of the District for the ensuing year. The motion was seconded by Director Ausman and passed unanimously.

ELECTION OF VICE-PRESIDENT. President Corn opened the nominations for the election of a Vice-President of the District to serve during the ensuing year. Director Tschida nominated Jerry Nagaki. Director Ausman seconded the nomination and moved that nominations cease and that a unanimous ballot be cast for the election of Jerry Nagaki as Vice-President of the District for the ensuing year. The motion was seconded by Director Tschida and passed unanimously.

ELECTION OF SECRETARY. President Corn opened nominations for the election of Secretary of the District for the ensuing year. Director Ausman nominated Dan Tschida. Director Nagaki seconded the nomination and moved that nominations cease and that a unanimous ballot be cast for the election of Dan Tschida as Secretary of the District for the ensuing year. The motion was seconded by Director Ausman and passed unanimously.

JOINT COMMITTEE REPRESENTATIVES. President Corn said that the representatives from OID to the Joint Committee need to be determined. A discussion was had. After discussion, a motion was made by Director White, seconded by Director Ausman, and unanimously carried designating Bruce Corn, Frank Ausman, Dan Tschida, and Jerry Nagaki as representatives to the Joint Committee of the Owyhee Project with Eric White as the alternate.

APPOINTMENT OF LEGAL COUNSEL. Mr. Horton gave a presentation on his fees for the District during the prior year and his proposal for the upcoming year. A motion was made by Director Nagaki, seconded by Director Tschida, and unanimously carried appointing the law firm of Stunz, Fonda, Kiyuna, & Horton, LLP, as attorneys for the District for the year 2010 and authorizing that a monthly retainer be paid in the amount of \$1,300 which shall be for up to 12 hours of work with any additional hours in such month to be billed at \$126 per hour with travel time to be billed at half the hourly rate and that out-of-pocket expenses be paid by the District in addition to the retainer amount.

DEPOSITORIES. Discussion was held concerning the depositories of the funds of the Owyhee Irrigation District. Mr. Chamberlin recommended that the District continue with the present depositories. A motion was made by Director Tschida, seconded by Director Ausman, and carried unanimously that Sterling Savings Bank, Nyssa Branch; U.S. Bank, Nyssa Branch; and the Local Government Investment Pool as administered by the State Treasurer of Oregon, be designated as the official depositories of the funds of the District, and that the same may be withdrawn from the said depositories on checks or advices signed by any two of the following: Frank Ausman, Bruce Corn, Jerry Nagaki, Dan Tschida, and Eric White, Directors of the District; Jay Chamberlin, Project Manager; and Michael W. Horton, Attorney; provided, however, that funds may be transferred electronically from bank accounts of the District to the Local Government Investment Pool, or from the Local Government Investment Pool to bank accounts of the District, by direction given by Jay Chamberlin.

INSURANCE AGENT OF RECORD. President Corn stated that the next item of business is consideration of the District's insurance agent of record. A motion was made by Director White and was seconded by Director Nagaki that Ray Waldo and Field-Waldo Insurance be appointed as the District's insurance agent of record. The motion passed unanimously.

ANNUAL EMPLOYEE TRAINING. Mr. Chamberlin said that the annual employee training has been completed and went well.

GRANT FOR COMPUTER SYSTEM. Mr. Chamberlin said that Harvey Manser has applied to BOR for grant money for the laptops and training relating to the new computer system. He said that he has not heard back from BOR yet. If the funds do not come through, the expense has been budgeted for.

GRAND COULEE DAM TOUR. President Corn said that the tour of the Grand Coulee Dam and its pump storage facility was a good tour. He said that a decision on the reconnaissance study will need to be made. He said that he heard that the Boardman coal fired power plant will

the cost at between \$8,000 and \$9,000. The consensus of the Board is that the budget work which was done, gave the Board the ability to make informed decisions and the information available was much better than previous years. Mr. Nichols gave a handout on his firm's billings, along with a handout on power plant cash flows.

REPAIR AND MAINTENANCE WORK AT MITCHELL BUTTE POWER PLANT.

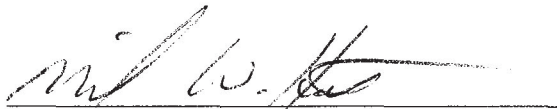
Tom Zittercob said that bits and pieces to put the power plant back together have been rounded up. He said that the butterfly valve still needs to be put into one unit.

ANNUAL PATRON MEETING. The Board discussed having an annual patron meeting in February. After discussion, the meeting was set for on 10:00 a.m., on February 23, at the Cairo Grange Hall.

ANNUAL INCURRED CHARGES. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried setting the basic annual incurred charge at \$48.48 per acre with a special assessment of \$0.35 per acre for a gopher bounty program, and a special assessment of \$0.67 for the second one half of the ring gate renovation; with the annual incurred charge, including the special assessments, totaling \$49.50 per acre; and that there be a \$62.50 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.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 3:35 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____