

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

January 20, 2009

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on January 20, 2009, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:00 a.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki  
Bruce Corn

Frank Ausman  
Dan Tschida

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; Robert Kemble, CPA; Harvey Manser, Assistant District Manger; and Mark Carpenter, OID Engineer; Kris Ward, OID Bookkeeper; Scott Davis, True Points Solutions; and a large number of District Patrons.

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 13, 2009.

MINUTES. The minutes of the regular meeting of the Board of Directors held on December 16, 2008, 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. Robert Kemble passed around a monthly financial report for the District which the Directors reviewed. Mr. Kemble went through the report in detail. The report was discussed by the Directors. Mr. Kemble said that the District has not received funds from the other districts yet.

DISTRICT CASH FLOW. Mr. Chamberlin said that with the budget year running from January 1 to December 31 and assessments not coming in until mid April, the District has to operate on reserves from January 1 through mid April when those assessment funds come in. He explained anticipated expenses and income between now and mid April. Calculations were made as to the amount of reserves and income available along with anticipated expenses.

It was noted that the Mitchell Butte funds can now be moved over. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried authorizing the sum of \$67,161 be moved from the Mitchell Butte account to the District account.

Kris Ward stated that the billings of approximately \$30,000 went out to the other districts. Mark Carpenter said that grant money should be coming in the next couple of days on the sediment ponds. Mr. Chamberlin said that the employees will be starting back to work next week. He then said that April 1 is a target date for water startup. President Corn noted that all is not doom and gloom. Mr. Chamberlin noted the cost savings the District realized on weed control last year. He said that the gopher program has been extremely successful.

DISTRICT ACCOUNTS PAYABLE. The accounts payable for the District were reviewed by the Directors. Director Tschida questioned the expense of \$700 for welding rod. Mr. Chamberlin said that he will check in to it and see. A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried, approving payment of the accounts payable as presented.

MITCHELL BUTTE POWER PROJECT.

Generation and Financial Report. Mr. Kemble presented a financial report on the Mitchell Butte Power Project. The Directors reviewed the reports. President Corn noted that the project has provided \$1.00 per acre back to the District for the last two years.

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

Malheur Bell	\$127.17
AT&T	155.88
FERC	1,122.60
Nichols Accounting	<u>75.00</u>
Total	\$1,476.65

A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried that the accounts payable for the month, as listed in the agenda, be paid. The motion passed unanimously.

TRUE POINT SOLUTIONS. Scott Davis with True Point Solutions gave a presentation and handouts on available water management computer software. He said that the District would own the product code and license if the company were to ever go out of business. He said that the company is developing RRA USBR reports which may become an add-on to the software. He said that his company's product has a partial grant acceptance by the Bureau. He said that the service and maintenance agreement would be an annual expense. Mr. Chamberlin said that the District's grant proposal with the Bureau includes 50% cost share on hardware and software. He then explained the grant program and said that, to his knowledge, the grant is only good for one year from now.

At 11:04 a.m., Scott Davis left the meeting.



RETIREMENT DINNER. Mr. Chamberlin said that the District is having three employees retiring and that normally the District has a retirement dinner.

75th CELEBRATION CHECKING ACCOUNT. Mr. Chamberlin said that there is \$671.81 in the 75<sup>th</sup> Celebration checking account. He said that he will move the funds into the District's account and there was no opposition from the Directors.

RING GATE REHAB. Mr. Chamberlin gave a history on the work which has been done to the ring gate and explained the work which still needs done. He said that the estimated cost is \$143,000. President Corn noted that the cost to the District for its share would be approximately \$1.50 per acre. Mr. Chamberlin recommended that the District proceed to complete the second phase of the ring gate rehabilitation this year. President Corn said that after visiting with the South Board of Control, he would also like to move forward this year. The Directors expressed their opinions with regard to moving forward on the ring gate. Mr. Chamberlin said that the Bureau of Reclamation will do its inspection in 2009 and if the ring gate work is not completed, they will write the District up.

DITCHRIDER RIDES. President Corn asked Mr. Chamberlin to report on his investigation into combining ditchrider rides and not hiring a ditchrider to replace Rex Franklin who has taken the job at the Dam. Mr. Chamberlin said that he does not recommend combining the rides. He said that he wants to have a new employee hired by March 1.

2009 BUDGET. Mr. Kemble passed around a revised proposed budget. The proposed budget was reviewed and discussed. Mr. Kemble said that he does not recommend dipping into reserves to operate on in 2009. Director Tschida said that he has had a conversation with one of the owners of Dam Maintenance Company and that the company expressed their willingness to be paid over two years for the ring gate rehab work. Director Tschida noted that the District could then budget for just half of the ring gate cost this year and the other half next year. The repair costs for the Owyhee Ditch pump were discussed as were chemical costs.

AUDIENCE COMMENTS. Debbie Odet said that she is a small grower and she expressed her concern that the District laid off 18 people without providing them much earlier notice. She said that she would also like to see the District have annual meetings where District patrons could come and listen. She said that she feels that the Board is doing a good job. Other District patrons spoke and they all expressed a desire that the District have annual meetings and expressed appreciation for the work that the Board has done.

MEETING RECESS. President Corn declared the meeting in recess at 12:04 p.m.

MEETING RECONVENED. The meeting was reconvened at 2:08 p.m., with the same four Directors being present along with Mr. Chamberlin, Mr. Horton, Mr. Manser, and District Patrons, Grant Bastion, Jess Jackson, and Craig Froerer.

2009 BUDGET DISCUSSION (Continued). Discussion on the proposed budget continued. The proposed computer system and software was discussed. A discussion on cutting a ditchrider was had. The District patrons in attendance expressed their opinions to the Board. At 2:48 p.m., Jess Jackson and Grant Bastion left the meeting.

ANNUAL INCURRED CHARGES AND ADOPTION OF THE BUDGET. A motion was made by Director Ausman to set the annual incurred charge at \$48.50 per acre, with a \$1.00 special assessment for the ring gate and the computer software. There was no second to this motion and a discussion was had on moving an additional \$0.20 an acre from the Mitchell Butte Power Project to the District to pay for some of the computer expense.

At 3:04 p.m., Craig Froerer left the meeting.

A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried adopting the basic budget which includes a basic annual incurred charge of \$48.50 per acre and includes rehiring a ditchrider for ride one.

A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried adding an additional \$0.67 to the annual incurred charge for a special assessment for 2009 to cover one half of the ring gate renovation.

A discussion on the computer and computer software was had.

A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried adding an additional \$0.33 to the annual incurred charge as a special assessment for 2009 for computer software and hardware.

Mr. Horton noted that the total 2009 annual incurred charge will be \$49.50 per acre. He suggested that the budget be finalized and adopted. A motion was made by Director Tschida, seconded by President Corn, and unanimously carried that the budget be revised to reflect an additional \$0.20 per acre transfer from the Mitchell Butte Power Project to the District to cover a portion of the computer equipment and software expense, and that the budget be revised to reflect an additional \$5,500 of anticipated income from the computer hardware grant, and that the budget be revised to reflect a \$0.17 per acre expense from the equipment reserves to purchase the computer equipment and software, and that the adopted budget include a \$62.50 service charge on subdivided and small tract lands consisting of five acres or less within the District in addition to the annual incurred charges.

NEXT MEETING. The time and place of the next meeting of the Directors was had. It was the consensus of the Board that the Board meeting be at 10:00 a.m., at the Cairo Grange Hall to be followed by a public informational meeting to begin at 1:00 p.m.

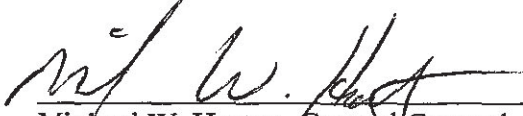
REORGANIZATION. Mr. Horton stated that this, the first meeting in January 2009, is the time for the reorganization of the Board. A motion was made by Director Ausman, seconded

by Director Tschida, and unanimously carried that the individuals elected to the office of President, Vice-President, Secretary, Joint Committee Representatives and Alternate all be the same as last year; that the appointment of legal counsel and the retainer for legal counsel be the same as last year; that the depositories of the District and authorized signers on those accounts be the same as last year; and that the insurance agent of record be the same as last year.

RAILROAD PROPERTY PURCHASE. Director Ausman said that he thinks that Old Owyhee should be billed for a portion of the railroad ground which the District is purchasing. A discussion on the matter was had.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 3:30 p.m.

Respectfully submitted,

  
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Michael W. Horton, General Counsel

APPROVED: \_\_\_\_\_