

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

September 28, 2010

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on September 28, 2010, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 9:56 p.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Dan Tschida	Jerry Nagaki
Frank Ausman	Eric White
Bruce Corn	

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

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on September 21, 2010.

MINUTES. The minutes of the August 26, 2010, meeting of the Board of Directors were mailed to the Directors prior to the meeting. Director White noted a correction to the minutes in the paragraph titled Weedbeater that the reference to South Board of Control should read Old Owyhee. The minutes were corrected. After correction, a motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried approving the minutes as corrected.

DISTRICT FINANCIAL REPORT. A financial report for the District prepared by Nichols Accounting was reviewed. President Corn asked how much excess water has been sold and whether or not the District will hit what it had in the budget for excess water. Mr. Chamberlin said that he thinks the budgeted amount for excess water will come really close to the actual usage. Director White asked if the gopher account has been depleted. Mr. Chamberlin said that there is still a little bit of money in the account. Mr. Chamberlin said that District staff is doing a good job staying on budget. Director Nagaki asked if the District is staying current on collecting monies owed from the other districts. Mr. Chamberlin said that District staff are keeping up on this.

Mr. Chamberlin said that the Dunaway Pumping Plant has been turned off for about a month. He said that Dead Ox still has one pump running. He said that he does not feel good about things coming at the District financially and that he will be starting the budgeting process shortly. He said that he heard that the PERS increase will be a big one. He said that PERS is suppose to come out with hard numbers the middle of October. Mr. Manser said that the District is looking at a three to four percent increase in chemical costs.

DISTRICT ACCOUNTS PAYABLE. The accounts payable for the District were reviewed and discussed by the Directors. Mr. Chamberlin said that Kris Ward failed to include a portion of Mr. Horton's bill in the accounts payable. He said the amount of \$1,617.00 needs to be added. A motion was made by Director Tschida, seconded by Director White, and unanimously carried approving payment of the accounts payable as presented, including Mr. Horton's billing in the amount of \$1,617.00.

MITCHELL BUTTE POWER PROJECT.

Financial Report. President Corn noted that the financial report for the Mitchell Butte Power Plant is in the Directors' packets. The Directors reviewed the report.

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

AT&T	\$ 31.11
Qwest	119.73
Riverside Inc.	58,530.73
Agri-Lines	27.78
Stunz Lumber	41.95
Nichols Accounting	<u>75.00</u>
Total	\$58,826.30

President Corn asked if this pays all of the Riverside bill. Mr. Chamberlin said that he believes that it does. He said that the repaired unit is now in and running. A motion was made by Director Ausman and seconded by Director Nagaki that that the accounts for the month, as listed in the agenda, be paid. A vote was had on the motion which passed unanimously.

HYDRO REPORT. Mr. Zittercob said that the repaired unit is in and running. He said that the units got tripped off recently. He said that the plant is currently generating 1.5 megawatts. He said that the repaired unit is working just fine. Mr. Chamberlin said that the insurance claim on the repaired unit is still being considered.

MITCHELL BUTTE REHAB. Mr. Chamberlin said that a Request for Qualifications for engineers went out. He said that the time for returning those requests has run and that he received a lot of telephone inquiries. Mr. Chamberlin said that a decision of the Board will need to be made as to whether or not to continue to pursue the ARRA grant. He said that for that grant he had to come up with an estimated budget. He said that he and Mr. Zittercob came up with a guess of 2.2 million dollars.

Mr. Horton said that Peter Nichols prepared calculations on how much the District may be able to afford at varying power rates. According to Mr. Nichols, it looks like the District could finance approximately 1.3 million dollars and still continue to transfer \$1.00 per acre from the project

to the District each year. Mr. Nichols said that the numbers would be tight. Mr. Horton said that a couple of things which Mr. Nichols was unsure of is the maintenance costs on new units and the potential increased cost for insurance.

Mr. Horton said that the Oregon Department of Energy is requesting an intergovernmental agreement on the ARRA grant. He said that a proposed agreement has been negotiated and he went over the terms of that agreement. Mr. Horton said that if the agreement is entered into, the District does have the ability to get out of the agreement. Mr. Horton said that the District may be able to use grant money for paying an engineering firm to get a 30% design. Mr. Chamberlin explained discussions he had with SELP regarding a possible loan for the project.

ENGINEERING RFQS. The qualification forms received from engineering firms were opened. Packets were received from Sorenson Engineering, Sunrise Engineering, and Mead & Hunt Engineering. The Board spent a lengthy amount of time reviewing the qualifications and applying the criteria for selection as adopted at last month's meeting. The consensus of the Board is that Sunrise Engineering is most qualified to assist the District with the Mitchell Butte rehab.

A motion was made by Director White and seconded by Director Nagaki that Sunrise Engineering be contracted with to do 30% engineering for up to \$60,000 for the Mitchell Butte Project and that a contract be entered into. A vote was had on the motion. Directors Frank Ausman, Bruce Corn, Jerry Nagaki, and Eric White voted in favor of the motion. Director Dan Tschida voted against. The motion carried by vote of four to one.

ARRA GRANT. The proposed intergovernmental agreement with the State of Oregon on the ARRA grant was reviewed and discussed. A motion was made by Director Nagaki and was seconded by Director Ausman, approving the proposed intergovernmental agreement with the State of Oregon on the ARRA grant and authorizing the President of the District to sign the agreement. The matter was discussed further. After discussion, a vote was had on the motion, which passed unanimously.

EMPLOYEE ISSUE. John Lopez, District employee, joined the meeting at 10:40 p.m. He explained that he was hurt in a car wreck and he is requesting that three months or less sick leave be advanced to him. He said that he has been with the District five to six years. He currently has 100 hours built up, but would like an additional 140 hours advanced to him. Mr. Chamberlin passed around copies of the applicable District Personnel Policies. The policies provide that when an employee has exhausted his sick leave, he shall be permitted to borrow future sick leave, subject to the prior consent of and upon the terms and conditions of the Board of Directors. The Directors discussed the terms and conditions of advancing the sick leave. Mr. Lopez said that he will apply any future comp time and annual leave towards the advanced sick time. A motion was made by Director Ausman that 140 hours of combined sick leave and annual leave be extended to Mr. Lopez and if his time away exceeds the time advanced, that he must come back to the Board before a further extension will be made, and that any future comp time, annual leave, and sick time will be used to reimburse the District. The motion was seconded by Director White. Director Tschida said that he thinks the District should also require a 100% release from a doctor on Mr. Lopez's ability to return to work. Mr. Chamberlin said that light duty work would not be available in this case. Mr. Tschida voted to amend the motion to include the above language. The motion to amend was seconded by Director

Nagaki and passed unanimously. A vote was then had on the main motion which also passed unanimously.

EMPLOYEE COMMITTEE PROPOSAL. President Corn said that the Board must know what PERS is going to be before it can make an informed decision. Director Ausman said that he agrees with that assessment. The employee proposal of a three percent increase versus the current cost of living increases were discussed. Mr. Chamberlin was asked if the incentive pay for the employees is working. Mr. Chamberlin said that it works and he wants to maintain it. He said that he will investigate anticipated cost increases in health insurance. The policy proposals received from the employees were discussed.

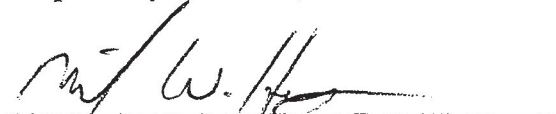
FALL WORK PROJECTS. Harvey Manser reported on the work planned for this fall. He said that work at Dead Ox Pumping Plant will be done. He said that work will also be done on the Kingman Lateral. He said that legs on the Malheur Siphon are being replaced approximately two a year and that will be done again this year. He said that there will be trenching done on the main canal along with standard cleaning and ditching. He said that the District owned house at Cow Hollow will be cleaned up. He said that work on the Hansen pipeline replacement is planned. A discussion on fall work was had.

CHEMICAL COST INCREASES. Mr. Manser said that next year's chemical costs are a big unknown. He said that he received a few complaints on algae problems with the new chemical being used. He said that a big scare factor is Horned Pond Weed taking over the system. He said that since the Cascade product does not appear to control the Horned Pond Weed at the rates which it was applied, that next year he may have to go in and make a treatment with either a new chemical or the same chemical at a higher rate.

BELNAP SEEDLINGS. The possible chemical damage done to Mr. Belnap's seedlings was discussed. Mr. Chamberlin said that the chemical company has agreed to reimburse the District for any sums which it pays to Mr. Belnap in the form of additional chemical.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 11:07 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____