

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

January 20, 2004

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on January 20, 2004, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:36 a.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Fred Schilling	Frank Ausman
Bruce Corn	Jerry Nagaki
Larry White	

Also present were: Jay Chamberlin, District Manager; Lance Phillips and Mike Barlow, representing Malheur County Soil and Water Conservation District; and Michael W. Horton, Secretary and General Counsel.

RESERVOIR STORAGE. Mr. Chamberlin reported that the reservoir storage as of January 13, 2004 was 64,516 acre feet and the storage as of January 13, 2003 was 120,884 acre feet.

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, 2004.

MINUTES. Minutes of the meeting of Directors held on December 9, 2003, had been mailed to each Director prior to the meeting. A motion was made by Director Schilling, seconded by Director White, and unanimously carried approving the minutes as mailed.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Jay Chamberlin handed out financial reports prepared by Nichols Accounting Group for the Mitchell Butte Power Project for the periods ending November 30 and December 31, 2003. The Directors reviewed the reports.

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

Nichols Accounting Group	\$228.00
Special District Ins.	<u>1,639.00</u>
Total	\$ 1,867.00

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

SOIL AND WATER CONSERVATION DISTRICT. Lance Phillips, Executive Director of the Malheur County Soil and Water Conservation District, stated that his office wants to work together through partnerships with the District. They are grant writing specialists and have huge projects that grants are available for but no operators have that big of projects. He would like to coordinate ahead of time and have cooperative projects where landowners pool their projects. He stated that he is here to open doors and would like to see the District involved in identifying and developing projects.

Mike Barlow, Director of the Soil and Water Conservation District, added comments and talked about pressure irrigation systems. He said he foresees the District providing infrastructures and land owners hooking into the system when they can afford to. He pointed out that you would not want 17 pressurized pipes lying side by side.

Lance Phillips stated that there is a lot of money out there. Jay Chamberlin asked if the District could also get grants for equipment needed for projects. Mr. Phillips answered yes and said that the project owners average share of the cost is 25%. He gave some examples of projects in Idaho. Jay Chamberlin said that he would like to work with the Soil and Water Conservation District in putting together some general project ideas.

At 11:19 a.m., Lance Phillips and Mike Barlow left the meeting.

THREE DISTRICT CO-OP. Jay Chamberlin said that he had a conference call with two other irrigation districts that want to join together with the Owyhee Irrigation District to generate grant money but individuals are wanting to be hired to coordinate the three districts. He said he did not like the way the proposed three district partnership was laid out to him.

Frank Ausman gave examples of a cost share project. He said he likes the idea of looking at the big picture. A discussion was had regarding a potential pressurized system. Director Ausman asked Mr. Chamberlin what projects he has in mind. Mr. Chamberlin said he is looking at systems that would be viable for 30 years which is the pressurized pipe system.

REORGANIZATION. Mr. Horton stated that this, the first meeting in January 2004, 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 Schilling nominated Bruce Corn. Director Ausman seconded the nomination. A motion was made by Director Schilling and seconded by Director White that nominations be closed and a unanimous ballot cast for the election of Bruce Corn as President of the District for the ensuing year. The motion 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 Ausman nominated Director White. The nomination was seconded by Director Schilling. A motion was made by Director Schilling and seconded by Director Ausman that nominations be closed and a unanimous ballot cast for the election of Larry White as Vice-President of the District for the ensuing year. The motion passed unanimously.

DESIGNATION OF MEMBERS TO SERVE ON THE JOINT COMMITTEE. President Corn stated that the next order of business is the designation of four members of the Board of Directors to serve as members on the Joint Committee. A general discussion was had. A motion was made by Director Ausman and seconded by Director Nagaki that Directors Nagaki, Schilling, Ausman, and White be named as representatives to the Joint Committee and that Director Corn be an alternate to serve at any meeting of the Joint Committee when any of the designated members are not present. The motion passed unanimously.

APPOINTMENT OF SECRETARY AND LEGAL COUNSEL. Mr. Horton stated that he and his firm are willing to act in the same capacity as last year. Mr. Horton offered his and his firm's services to the District for an annual retainer to be paid for routine services in the sum of \$13,200.00, payable in monthly installments of \$1,100.00 and with a charge for services rendered which are not covered by the retainer at the rate of \$108.00 per hour. A motion was made by Director Schilling and seconded by Director White that Michael W. Horton be appointed Secretary and Legal Counsel for the District for the year 2004; that his law firm be appointed attorneys for the year 2004 for an annual retainer to be paid for routine services in the sum of \$13,200.00, payable in monthly installments of \$1,100.00; that out-of-pocket expenses be paid by the District in addition to the said retainer; and setting compensation at the rate of \$108.00 per hour for services rendered which are not covered by the retainer. The motion passed unanimously.

APPOINTMENT OF AUDITOR. President Corn announced that the next item of business is the selection of an auditor for the District. A motion was made by Director Schilling and seconded by Director Nagaki that Bledsoe & Bledsoe be auditor for the District during the year 2004 for the 2003 audit. The motion passed unanimously.

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 Ausman and seconded by Director White that Ray Waldo and Field-Waldo Insurance be appointed as the District's insurance agent of record. The motion passed unanimously.

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 with Klamath 1st Federal Bank changing to Sterling Bank. A motion was made by Director White, seconded by Director Nagaki and carried unanimously that Sterling 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: Fred S. Schilling, Frank Ausman, Bruce Corn, Jerry Nagaki, and Larry White, Directors of the District; Jay Chamberlin, Project Manager; and Michael W. Horton, Secretary; 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.

REGISTERED AGENT. President Corn stated that next item of business is the designation of the District's registered agent. A motion was made by Director Ausman and seconded by Director Schilling that Gene Stunz be designated the District's registered agent. The motion passed unanimously.

APPOINTMENT OF PROJECT MANAGER. Mr. Horton stated that the contract with Mr. Chamberlin runs through September 2004. It was the consensus of the Board to take up the renegotiation of the contract in June.

BUDGET AND 2004 ASSESSMENT. Jay Chamberlin handed out the proposed budget which was reviewed at the last meeting. He reminded the Board that employee contracts will be up at the end of the year. A group of employees wants to meet in April or May. President Corn said that he would like to see vacations addressed. Mr. Chamberlin said that he has somewhat addressed vacations with employees. Mr. Chamberlin said that the proposed budget provides for a \$1.00 increase in the assessments. He said that South Board of Control assessments are \$1.00 more and Black Canyon assessments are .75 less than the District's current assessment. Director Schilling asked if some of the \$1.00 increase is earmarked for the ring gate project. Director Ausman said that he has not seen the budget which had the \$1.00 increase in the assessments. Mr. Chamberlin said that it came from discussions at the last Board meeting. Director Ausman stated that if there is a \$1.00 increase in assessments, it should not go towards the ring gate. Director Schilling asked if the newsletter will mention the future need for assessments for the ring gate. Mr. Chamberlin said yes. Director White said that even at a \$1.00 increase, it is just bare bones on keeping up with maintenance. Director Chamberlin said that there is a lot of infrastructure problems that need money to repair. Director White asked if there are grants available for those repairs. Mr. Chamberlin said that there are a lot of potential grants available.

Mr. Chamberlin said that the pumping charge was \$80,000 because the Dunaway Plant ran all season. Mr. Chamberlin gave a report on employee costs and staffing levels. He said that the snow pack appears to be good. After discussion, a motion was made by Director Nagaki and was seconded by Director Schilling to adopt the budget setting an increase in the assessment at \$36.00 per irrigable acre and adopting the following resolutions:

BE IT RESOLVED, that the Owyhee Irrigation District does hereby assess for the year 2004 the sum of \$36.00 per irrigable acre for operation and maintenance, delinquencies and collection, reserves, and administrative expenses. The assessment for operation and maintenance, delinquencies and collection, reserves, and administrative expenses shall be payable on or before April 15, 2004, and charges for excess water shall be payable on or before December 15, 2004, and any assessments not paid on the due date shall be considered delinquent; and

BE IT FURTHER RESOLVED, that the Owyhee Irrigation District does hereby assess an interest charge of 1⅓% per month or fraction thereof, as required by Oregon law, on all of the aforementioned assessments which are not paid when due, it being understood that payments made after they are past due must include the full 1⅓% interest for the month in which payment is made regardless of the date of the month on which payment is made; and

BE IT FURTHER RESOLVED, that the Board shall sit as a Board of Equalization for the purposes of reviewing and correcting its list of water charges and apportioning the charges made thereunder for the 2004 irrigation season at 11:00 a.m. on February 17, 2004, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP and Michael W. Horton shall be directed to cause notice of the equalization meeting to be published.

BE IT FURTHER RESOLVED:

1. The charges assessed for operation and maintenance, delinquencies and collection, reserves, and administrative expenses represent the actual cost of providing the service of delivering water to water users.

2. The service of delivery of water to individual water users is provided by the Owyhee Irrigation District only on the specific request of individual water users.

A vote on the motion was held. Directors Corn, Schilling, Nagaki, and White voted in favor of the motion. Director Ausman voted against the motion and the motion carried by a vote of 4 to 1.

RECESS. At 12:39 p.m., President Corn declared the meeting in recess.

MEETING RECONVENED. At 2:26 p.m., President Corn declared the meeting reconvened. All of the Board members were present. Also present was Jay Chamberlin, and Michael W. Horton.

EXECUTIVE SESSION. Mr. Horton stated that an executive session is needed to discuss potential litigation pursuant to ORS 192.660 (1)(h). A motion was made by Director White, seconded by Director Ausman, and unanimously carried authorizing the Board to enter executive session at 2:28 p.m.

At 3:00 p.m., the Board returned to regular session.

DELINQUENT ACCOUNT. A motion was made by Director Schilling, seconded by Director Ausman, and unanimously carried authorizing the District to write off the delinquent amounts owing on the Taylor account and further authorizing Mr. Chamberlin to turn the matter over to the District Attorney's office.


EQUIPMENT UPDATE. Mr. Chamberlin said that he has not yet purchased a trailer but is still looking. He also said that he has not yet let out a bid on a backhoe. He said that one used 3/4 ton pickup is needed and he would like to pick one up at the government auction. He estimates the cost of a satisfactory pickup at \$10,000 to \$12,000. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried authorizing the purchase of a pickup for a sum not to exceed \$12,000.

MANAGER'S REPORT. Mr. Chamberlin said that the employee training session went well. He said that he is in the middle of employee interviews and those are going well. He gave a summary of the employee training session.

RETIREMENT DINNER. Mr. Chamberlin said that the annual retirement dinner has been set for the evening of February 19, 2004.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned by President Corn at 3:20 p.m.

Respectfully submitted,



Secretary

APPROVED: _____