

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

November 18, 2008

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on November 18, 2008, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 1:00 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki
Bruce Corn

Frank Ausman
Dan Tschida

Also present were: J.L. Eldred, OID Watermaster; Harvey Manser, OID Assistant Manager; Ray Waldo, Insurance Agent; Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; and Peter Nichols and Tyler Sweet, Nichols Accounting Group.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on November 13, 2008.

MINUTES. The minutes of the regular meeting of the Board of Directors held on October 28, 2008, were mailed to the Directors prior to the meeting. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried approving the minutes as mailed.

INSURANCE REVIEW. Ray Waldo gave a review on the insurance policies which the District maintains. He said that he anticipates that insurance premium rates will be going up next year due to the economy. Mr. Waldo passed around information on the District insurance policies. The Directors reviewed the information and a question arose on the amount of deductible which the District carries. Mr. Waldo said that he will get quotes on higher deductibles for the District. He said that currently the District is showing 74 titled vehicles and that the District has \$5,000,000 of coverage. Mr. Waldo said that he believes that the current coverage is adequate and that it also covers employment practices liability. He explained that the District has fidelity bond coverage and that there was a mis-communication last month with Brian Richins. Mr. Waldo then explained the available discounts if the District participates in the SDAO Best Practices Program. He explained Workman's Compensation coverage which the District maintains. He said that he has resources and workshops available for District staff. The number of vehicles being covered by the District were discussed. Mr. Waldo said that for budgeting purposes, the District Board should figure on a 5% increase in insurance premiums. At 1:35 p.m., Ray Waldo left the meeting.

OWYHEE DAM POWER PROJECT.

Financial Report. Peter Nichols passed out a financial report on the Owyhee Dam Power Project for the month ending October 31, 2008. The Directors reviewed the report as Mr. Nichols went through it in detail.

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

AT&T	\$44.64
OWRD	2,220.32
Oregon-Idaho Utilities	162.09
Brian Richins	1,900.00
Nichols Accounting	<u>303.00</u>
Total	\$4,630.05

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

TUNNEL #1 POWER PROJECT.

Financial Report. Peter Nichols passed out a financial report on the Tunnel #1 Power Project for the month ending October 31, 2008. Mr. Nichols went through the report in detail as the Directors reviewed it. It was noted that the license and dues entry in the report is higher than last year. Mr. Nichols said he will check into the matter.

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

AT&T	\$30.98
Oregon-Idaho Utilities	158.34
OWRD	3,758.09
Brian Richins	1,900.00
Nichols Accounting	<u>383.00</u>
Total	\$6,230.41

A motion was made by Director Nagaki and was seconded by Director Ausman that the accounts payable for the month for the Tunnel #1 Power Project, as listed in the agenda, be paid. The motion passed unanimously.

DISTRICT FINANCIAL REPORT. Mr. Nichols passed around a monthly financial report for the District which the Directors reviewed. Mr. Nichols went through the report in detail. He noted that the money budgeted for reserves did get placed into those reserves when the assessments came in. Mr. Nichols stated that the audit adjustments are not yet reflected in the District financial report. The Directors discussed the financial report with Mr. Nichols.

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

MITCHELL BUTTE POWER PROJECT.

Generation and Financial Report. Mr. Chamberlin said that the Mitchell Butte generation and financial reports are in the Directors' packets. The Directors reviewed the reports.

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

Brian Richins, PC	\$1,900.00
OWRD	932.00
Nichols Accounting	<u>75.00</u>
Total	\$2,907.00

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

2009 BUDGET. Mr. Nichols said that Robert Kemble has worked with Jay Chamberlin and District staff in putting together a draft budget for the District. Tyler Sweet handed out the draft budget. Peter Nichols went through the proposed budget and discussions were had on various budget issues as the Directors reviewed it. President Corn said that the proposed budget is unacceptable as adopting it would result in too high of an assessment.

PUMPING PLANT REPAIRS. Mr. Eldred gave a report on the repairs to the Old Owyhee Ditch pumps. He said that he received quotes for the repairs and he gave a report on the proposed repairs and quotes. He gave the Board a couple of different options on the repairs. Mr. Chamberlin noted that Owyhee Ditch Company's share of the repairs would be 18%. The quote on the first pump is \$55,309 with a 16-week turnaround. The quote on the second pump is \$29,850. Mr. Eldred reported that one of the pumps at Dead Ox is also being torn apart and looked at. He said that it looks good so far. Mr. Eldred said that \$59,290 was budgeted for repairs for all of the pumping plants and that so far \$32,000 has been spent. He said that there is approximately \$26,000 left to finish out the year.

2009 BUDGET (Continued). Discussion on the proposed budget continued. Mr. Nichols went through the significant changes to the budget as he sees it. He said that there is a 3.75% increase in payroll expenses. Billing South Board and Old Owyhee on a quarterly basis was discussed. Mr. Chamberlin said that the District is carrying over a lot of chemical from last year so 2009 will not be a huge jump, but chemical costs are going up significantly so the District could be in for a huge increase in 2010.

Discussion on the budget continued. The consensus of the Directors is to have Bruce Corn and Frank Ausman serve on a budget committee with District staff and Nichols Accounting to work on the proposed budget. Harvey Manser passed around a handout on weed control chemicals.

WATER FORECAST REPORT. Mr. Chamberlin said that the weather reports are uncertain at this time.

DATE AND TIME OF NEXT MEETING. The consensus of the Directors is to have the next meeting of the Directors at 10:00 a.m., at Mr. Horton's office on December 16, 2008.

At 3:30 p.m., Peter Nichols and Tyler Sweet left the meeting.

SEDIMENT POND. Mr. Chamberlin reported that 70% to 75% of the work has been done on the sediment pond. Mr. Manser said that the District will start pouring concrete Monday or Tuesday next week.

LIDAR MEETING. Mr. Chamberlin said that there is a LIDAR meeting at the Boulevard Grange on December 9, 2008, at 10:00 a.m. He encouraged Board members to attend the meeting.

LARSON PIPELINE PROJECT. Mr. Manser said that work on the project will be starting tomorrow.

OWRC ANNUAL MEETING. Mr. Chamberlin said that he, Mr. Horton, and Harvey Manser are scheduled to attend the OWRC annual meeting. He invited Board members to attend the meeting.

Mr. Horton left the meeting at 3:40 p.m.

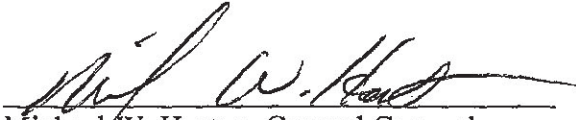
ASSISTANT MANAGER REPORT. Harvey Manser gave a report on District inspections and the proposed fall work.

BOARDMAN TO HEMINGWAY TRANSMISSION LINE. Mr. Chamberlin reported that the District wrote a letter opposing the proposed Transmission Line Project. President Corn gave an update of a recent meeting which was held on the transmission line.

OWYHEE DITCH PUMPS' REPAIRS (Continued). Discussion on the Owyhee Ditch pump repairs continued. After discussion, the Board authorized repairs to pump #2 out of this year's budget. Mr. Eldred was directed to do more checking on the repairs needed for pump #1 and was directed to see if steel costs will go down.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 4:30 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____