

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

September 21, 2009

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on September 21, 2009, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:00 p.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Curt Sisson Jerry Nagaki
Bruce Corn Frank Ausman
Dan Tschida (Who joined the meeting at 8:12 p.m.)

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; Harvey Manser, Assistant Manager; and Peter Nichols and Robert Kemble, CPAs.

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 15, 2009.

MINUTES. The minutes of the regular meeting of the Board of Directors held on August 18, 2009, 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. Peter Nichols handed out and presented a monthly financial report for the District for the month ending August 31, 2009. Mr. Nichols went through the report item by item as the Directors reviewed it.

DISTRICT ACCOUNTS PAYABLE. Mr. Chamberlin presented the accounts payable for the District which the Directors reviewed. Director Ausman asked about the True Point software cost and Mr. Chamberlin said that there will be an additional \$3,000 above the original contract base. He said that the District should be getting more grant money. A discussion on the new office software and ditchrider laptops was had. A motion was made by Director Nagaki, seconded by Director Sisson, and unanimously carried approving payment of the accounts payable for the month.

At 8:25 p.m., Eric White joined the meeting.

MITCHELL BUTTE POWER PROJECT.

Generation Report. Mr. Chamberlin said that the report for Mitchell Butte is in the Directors' packets. The Directors reviewed and discussed the report. Mr. Chamberlin said that

there is a valve problem with Unit No. 2 which will need to be looked at during the off season. He said the estimated cost is approximately \$30,000.

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

Malheur Bell	\$293.80
Field-Waldo Insurance	<u>18,421.92</u>
Total	\$18,715.72

The accounts payable were reviewed and discussed. A motion was made by Director Sisson, seconded by Director Ausman, and unanimously carried authorizing payment of the Mitchell Butte Hydro Project accounts payable.

OWYHEE DAM POWER PROJECT.

Financial Report. Peter Nichols presented and handed out a financial report for the Owyhee Dam Power Project. Mr. Nichols went through the report item by item as the Directors reviewed it. Mr. Nichols noted that the FERC bill was wrong. Mr. Chamberlin said that the District has been having problems with FERC on a prior report which was sent in which they continue to claim they have not received even though the District has sent it in twice.

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

AT&T	\$35.00
Oregon-Idaho	212.92
Malheur Bell	48.68
Stunz, Fonda, Kiyuna & Horton, LLP	630.00
U.S. Cellular	98.06
Field-Waldo Insurance	41,206.09
Nichols Accounting Group	<u>303.00</u>

Total \$47,533.76

A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried authorizing payment of the Owyhee Dam Hydro Project accounts payable.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Nichols presented and handed out a financial report for the Tunnel #1 Power Project. Mr. Nichols went through the report item by item as the Directors reviewed it.

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

AT&T	\$75.06
Oregon-Idaho	158.76
Field-Waldo Insurance	91,409.90
Nichols Accounting Group	<u>383.00</u>

Total \$92,026.72

The accounts payable were reviewed and discussed. A motion was made by Director Sisson and was seconded by Director Nagaki that the accounts payable for the month for the Tunnel #1 Power Project, as listed in the agenda, be paid. A vote was had on the motion which passed unanimously.

2010 DRAFT BUDGET. Peter Nichols presented a draft budget for the District for the 2010 calendar year. He said that these are just preliminary numbers, but that he wants to get input from the Directors and then come back next month with a more accurate draft budget. Mr. Nichols went through the draft budget as the Directors reviewed and discussed it. Certain items were clarified by the Directors, specifically that for budgeting purposes a 3% pay increase for employee wages needs to be factored in. Mr. Nichols noted that PERS had decreased. Following discussion, Mr. Nichols was directed to add in Old Owyhee Ditch reimbursement on pumps, a special assessment for gopher tails of 35¢ which is up 10¢ over last year, and reflect a portion of the possible purchase price of a manager's pickup truck as being attributable to the Dam.

MAGNACIDE CHEMICAL. Mr. Chamberlin reported that he met with the CEO of the manufacturer of Magnacide, which is the weed control chemical which the District uses in canals. He said that the CEO advised him that the company is not sure if they will manufacture the product next year. Mr. Manser then went through the chemical budget. Mr. Chamberlin said that the County Weed Board is displeased with the effort of the District on their weed control on the District ditch bank roads. The Board reminded Mr. Chamberlin that there are not sufficient funds to completely deal with the weeds.

DRAFT BUDGET (Continued). Discussion of the draft budget continued. Mr. Nichols noted that he needs an estimate of how much excess water funds may come in. He was instructed to use a six to seven year average. Mr. Nichols said that he will have a complete draft budget for next month's meeting.

At 10:00 p.m., Peter Nichols and Robert Kemble left the meeting.

FIELD TEST COATINGS AND EQUIPMENT. Harvey Manser reported that a coatings company had OI D test their product and their application machine. He handed out pictures of the

product and the work that was done. He said that the product and equipment seemed to work well.

RING GATE REPAIR. Mr. Chamberlin said that repairs have been started on the ring gate. He said that the expenses seemed to be coming in as estimated. He said that there is a water issue in the tank itself. The inside of the chamber needs cleaned up. He said that pinion gear bolts also need replaced and the estimated additional cost for the additional work is approximately \$40,000. The repair work being done on the ring gate and the Safety Committee participation was discussed. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried authorizing the additional repairs at an approximate expense of \$40,000. The motion passed unanimously.

EXECUTIVE SESSION. President Corn said that an executive session is needed to consult with those individuals authorized to conduct labor negotiations pursuant to ORS 192.660(2)(d). At 10:22 p.m., Eric White and Harvey Manser left the meeting and the Board entered executive session.

At 10:50 p.m., the Board returned to regular session.

UPPER SNAKE RIVER BIOLOGICAL OPINION. Mr. Chamberlin said that the new administration is supporting the current biological opinion. New state legislation relating to water was discussed.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 11:00 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____