

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

June 21, 2005

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on June 21, 2005, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:18 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Fred Schilling
Bruce Corn	Frank Ausman
Larry White	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Secretary and General Counsel; Terry Case, Cliff Sebasto, and Rob Reed, District Employees.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on June 13, 2005.

MINUTES. The minutes of the regular meeting of Directors held on May 17, 2005, and the minutes of the special meeting of Directors held on May 27, 2005, were mailed to the Directors prior to the meeting. A motion was made by Director Schilling, seconded by Director White, and unanimously carried approving the minutes as mailed.

OWYHEE IRRIGATION DISTRICT BILLS. Mr. Chamberlin handed out a check register report showing the Owyhee Irrigation District bills. The Directors reviewed the report. A motion was made by Director White, seconded by Director Nagaki, and unanimously carried ratifying and authorizing payment of the bills as presented.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Jay Chamberlin handed out a financial report prepared by Peter Nichols on the Mitchell Butte Power Project for the period ending May 31, 2005. The Directors reviewed the report.

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

Nichols Accounting Group	\$233.00
AT&T	23.60
US Cellular	39.61
Riverside	1,559.40
Malheur Bell	<u>174.11</u>
Total	\$2,029.72

Director Ausman asked what the Riverside bill is for. Mr. Chamberlin said that on Unit #2, the lower wicket gates have been really stiff. He said that they got the turbine moving but it is not moving really well. He said that when Mr. Zittercob went to put more water through the unit, he heard a loud pop. He said that the unit cannot make more than 750 megawatts where it should be making 950 megawatts. Mr. Chamberlin said that the Riverside bill is for the work which was done on the wicket gates.

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

HEALTH INSURANCE. Mr. Chamberlin said that he has not had a chance to update the employees on the insurance proposal which was made at the special meeting of the Directors held on June 9, 2005. Mr. Horton said that he has the minutes for that meeting ready. President Corn asked Mr. Horton to read the minutes of the special meeting of Directors held on June 9, 2005. Mr. Horton read the minutes. A motion was made by Director Schilling, seconded by Director Ausman, and unanimously carried approving the minutes as read.

Mr. Chamberlin passed around the handouts which Chet Weichman gave out at the special insurance meeting. The employees and Directors White and Nagaki who were not at the special meeting, reviewed the handouts. Mr. Chamberlin explained that if the District institutes an HRA which pays up to \$900 of each covered individual's deductible, the maximum potential exposure to the District on such deductible would be \$61,000.

Mr. Chamberlin said that Mr. Weichman recommended that the District go with the PPO Plan with a \$1,000 deductible and then have the District institute an HRA plan wherein the District pays \$900 deductible for the employee and the family and spouse of any employee who insures his or her dependants under the plan. President Corn pointed out that the District would just be reimbursing \$900 of the deductible and that the HRA Plan as now explained to the Board, is not a retirement plan or anything else. It is just a promise to pay deductible which has been incurred. He said that everyone needs to forget all of the other things which were heard the last few months from the prior agent.

Mr. Chamberlin explained to the Employee Group that the employees will need to use preferred providers in order to get the maximum benefit under the plan. A discussion was had on insuring families and paying family deductibles. Cliff Sebasto asked if the calendar year

deductibles incurred under the prior insurance will carryover for the remainder of this year. Mr. Chamberlin said that he is pretty sure that they will but that he will double check with Chet Weichman.

Cliff Sebasto said that he feels that the health insurance proposal is better than what the employees had in the past. Terry Case asked if the Flex Plan can be changed since the plan is being switched around. Cliff Sebasto asked if the Board would like to have the employee contracts renew in June. President Corn said that it would make sense but that the decision does not have to be made tonight.

A motion was made by Director Schilling to adopt the Special District's PacificSource Preferred Provider Option Plan IV with the \$1,000 deductible and set up an HRA Plan whereby the District will pay up to \$900 of each covered individual's deductible which includes the employee and the family and spouse of any employee who insures their family and/or spouse under the plan. The motion was seconded by Director Ausman and carried unanimously.

Director Nagaki asked if the District will be picking up the extra 20% which the employees may incur after the deductible is met. President Corn said that it is not.

At 9:00 p.m., the Employee Group left the meeting.

HOPKINS' DELINQUENT ACCOUNT. Jay Chamberlin said that the Hopkins account has been delinquent for quite some time. He said that the principal amount owing to the District is approximately \$12,0000 and that there is approximately \$8,000 of interest owing. He said that Mrs. Hopkins called the office and said that she wants to bring the account current around the second week of July. He said that Mrs. Hopkins was wanting to know if the District would be willing to discount some of the interest which has accrued in order to help them be able to pay off this debt. A discussion on the property location was had. President Corn said that the cost of a lawsuit to collect the account needs to be take into account when determining the proper discount to allow. A discussion of the amount of interest to deduct was had. Director Ausman pointed out that water users who are only a day late in paying their bill are required to pay the interest charge and it does not seem fair to discount the interest by very much. Mr. Horton said that he spoke with Kris Ward at the District office and she informed him that the District has discounted interest charges in the past when attempting to collect delinquent accounts. A motion was made by Director Ausman that the interest on the Hopkins' bill be reduced by \$1,000 if such bill is paid by July 15, 2005. If the bill is not paid by such date, then the full amount of the interest will be owed. The motion was seconded by Director White and passed unanimously.

ATV FOR OWYHEE DAM MAINTENANCE. Mr. Chamberlin said that he is looking at possibly purchasing a small ATV with a bed on the back for maintenance use at the Owyhee Dam. A discussion on the need for such a vehicle and possible alternatives was had. Mr. Chamberlin estimated the cost of the vehicle at approximately \$11,000. The issue was tabled for later discussion.

BACKHOE REPLACEMENT. Mr. Chamberlin said that with the recent insurance issues, he has not been able to get around to pursuing a backhoe. He said that he has sought competitive quotes. President Corn said that since the District has been having so many problems with the old backhoe, he thinks it would probably be a good idea to trade it off rather than keep it. Mr. Chamberlin said that he has received a few competitive quotes and right now Idaho Tractor seems to be the lowest. He said that he still has a few more quotes to come in. A motion was made by Director Ausman, seconded by Director White, and unanimously carried authorizing Mr. Chamberlin to accept the lowest quote on the backhoe which meets specifications after the deadline for quotes expires.

DATE OF NEXT BOARD MEETING. A discussion was had on setting the date and time for the next regular Board meeting. After discussion, it was the consensus of the Board to have the meeting on July 26.

OWYHEE DAM 75-YEAR CELEBRATION. Mr. Chamberlin said that Rex Barrie mentioned to him that 2007 will be the 75th anniversary of the construction of the Owyhee Dam. He said that Mr. Barrie asked him if any ceremonies or celebrations are being planned. Mr. Chamberlin said that he believes the actual dedication was some time in July of 1932. Mr. Chamberlin asked for direction as to how to proceed with regard to possibly recognizing the event. The consensus of the Board was to have Mr. Chamberlin explore various ideas and report back.

COMPUTER CONSULTANT'S PROPOSAL. Mr. Chamberlin handed out a letter from Howard Thomas, the computer consultant for the Owyhee Irrigation District. In reviewing the letter, Mr. Horton expressed some concern over the work which Mr. Thomas has been doing. He said that Worker's Compensation and contractor status issues concern him. Mr. Chamberlin said that Mr. Thomas has been helping out while one of the District office employee is out with an injury. The Directors reviewed Mr. Thomas' letter. Mr. Chamberlin said that Mr. Thomas has been offering his services at a reduced rate but now wants to increase the rate back to \$50.00 per hour. In the alternative, Mr. Howard is proposing to become a District employee. Mr. Chamberlin said that the injured office worker has informed him that she will be back to work around August 1. Mr. Chamberlin said that he would like to continue having Mr. Thomas provide consulting services to the District as an independent contractor. President Corn asked if a computer expert could be hired to work as a District employee. Mr. Chamberlin said that is a possibility. President Corn asked if the District really needs three office employees rather than just two. Mr. Chamberlin said that three employees are needed.

A discussion on switching over from mainframe computers to personal computers was had. Mr. Chamberlin said that the South Board of Control has made this changeover. He said that he is scared of doing such a transition in the Owyhee Irrigation District given the size and complexity of the programs. A discussion was had and after discussion, it was the consensus of the Board that a plan on transitioning the computer programs be put together by Mr. Chamberlin. Mr. Chamberlin said that he will check with other districts and see how they are using software

for their systems. The consensus of the Board was to continue along with Mr. Thomas at this point in time. Mr. Chamberlin said that he may be hiring a part-time office person in the near future.

DITCH BREAK BEHIND ADRIAN BUTTE. Mr. Chamberlin said that there was a ditch break near Joe Wiggins' place. He said that the break caused some of Mr. Wiggins' hay bales to get wet. He said that they are 3' X 3' bales and approximately 3 to 4 tons got wet. He said that the break also damaged Mr. Wiggins' irrigation pump. Mr. Chamberlin said that he believes the break was caused by gopher holes.

EQUIPMENT PURCHASES. Mr. Chamberlin said that two pickups were recently purchased at the GSA Auction. \$7,700 was paid for one of the pickups and \$7,300 was paid for the other pickup.

A discussion on purchasing an ATV for the Dam tender's use was continued. Mr. Chamberlin said that the Dam tenders have brought in approximately \$11,000 in cabin rentals and that money is still coming in. After discussion, the Board of Directors by consensus, authorized Mr. Chamberlin to get approximate prices on ATVs and come back to the Board.

SMALL ACREAGE SURCHARGE. Director White said that he is still getting calls on the \$100 small acreage surcharge. President Corn said that the amount of the surcharge and the total acreage will need to be looked at for next year's charges.

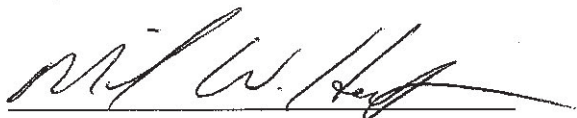
USBR INSPECTIONS. Mr. Chamberlin said that the Bureau of Reclamation did its inspections last week. He said that the concrete liners on the Kingman Lateral need work.

SHOESTRING SEDIMENT PONDS. Director Ausman asked what the status is on the sediment pond grants and construction. Mr. Chamberlin said that he has one landowner committed to participating in the program. He said that he needs to followup.

TUNNEL CANYON AUTOMATION. Mr. Chamberlin said that the automation is not yet operating. He said that the company which will be doing the installation is currently working out of state. Mr. Chamberlin said that he would prefer to wait until the water goes down before putting the automation system online.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 10:30 p.m.

Respectfully submitted,


Secretary

APPROVED: _____