

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

October 19, 2010

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on October 19, 2010, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:01 p.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Dan Tschida	Jerry Nagaki
Frank Ausman	Bruce Corn

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

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on October 14, 2010.

MINUTES. The minutes of the September 28, 2010, meeting of the Board of Directors were mailed to the Directors prior to the meeting. A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried approving the minutes as mailed.

DISTRICT ACCOUNTS PAYABLE. The accounts payable for the District were reviewed and discussed by the Directors. President Corn asked about a late fee on the Home Depot billing. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried approving payment of the accounts payable as presented.

DISTRICT FINANCIAL REPORT. A financial report for the District prepared by Nichols Accounting was handed out and reviewed. The Directors discussed the report as they reviewed it. President Corn noted that the accounts receivable are up quite a bit. Mr. Chamberlin said that an old billing on Hopkins has been brought current. He said that the billing for the ring gate work has been paid. Water use throughout the District was discussed. Mr. Chamberlin said that the District should bring in approximately \$60,000 in excess water charges.

MITCHELL BUTTE POWER PROJECT.

Generation Report. Mr. Chamberlin said that the generation report for the Mitchell Butte Power Project is in the Directors' packets. The Directors reviewed the report. President Corn noted an error. Mr. Chamberlin said that last month's report did not include a deduction for the billing on the turbine repair. Mr. Chamberlin said that the District should get between \$26,000 to \$30,000 on the District's insurance claim.

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

AT&T	\$ 57.82
McDevitt & Miller, LLP	8,262.55
Carney Crane Service	675.00
Stunz, Fonda, Kiyuna & Horton	4,268.14
Nichols Accounting	<u>1,140.00</u>
Total	\$14,403.51

The billing from Joe Miller's firm was discussed. It was noted that the Board will need to keep an eye on those charges. A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried that the accounts payable for the Mitchell Butte Power Project, as presented, be paid.

MITCHELL BUTTE REHAB. Mr. Chamberlin said that a contract with Sunrise Engineering has been negotiated. He said that the contract needs to be approved by the Board. He said that Sunrise Engineering had people out here today visiting the Mitchell Butte Power Plant. Mr. Horton explained the contract terms to the Board. Mr. Chamberlin said that he heard that Central Oregon Irrigation had some issues with their power project coming in over budget. He explained the situation and the Directors discussed it. President Corn noted that the District needs to be able to abandon the project if the anticipated costs become too great. Director Ausman said that the engineering needs to be done. Mr. Horton said that in reviewing the ARRA grant documentation, it appears to him that the District can use those funds to pay for the engineering without having to pay it back if the District decides not to go forward. President Corn said that he does not want to take the funds if the District then has to pay them back. The matter was discussed. Mr. Manser asked if the engineering shows that the turbine replacement does not pencil out, if that could be used as a showing of good faith of the District later with Idaho Power. Mr. Horton said that it could. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried approving the contract with Sunrise Engineering and authorizing President Corn to sign the contract.

Mr. Chamberlin said that he spoke briefly with a Portland attorney familiar with Idaho Power and power sales contracts. He said that the District may want to consider utilizing his services when it comes time to negotiate the power sales agreement on the additional energy generated.

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project prepared by Nichols Accounting for the period ending September 30, 2010. The Directors reviewed the report.

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

AT&T	\$ 65.83
Nichols Accounting Group	303.00
Oregon-Idaho Utilities	320.52
Stunz, Fonda, Kiyuna & Horton, LLP	<u>147.53</u>
Total	\$836.88

A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried that the accounts payable, as presented, for the Owyhee Dam Power Project, be paid.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel #1 Power Project prepared by Nichols Accounting for the period ending September 30, 2010. Mr. Chamberlin said that there was an issue with SELP on payments to them, which Nichols Accounting and Kris Ward are working out with SELP. The Directors reviewed the financial report.

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

Oregon-Idaho Utilities	\$ 105.12
Nichols Accounting Group	<u>383.00</u>
Total	\$488.12

A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried that the accounts payable, as presented, for the Tunnel #1 Power Project, be paid.

DIRECTOR POSITION. Mr. Horton stated that the deadline for filing nomination petitions for the Director position for Division #5 has passed. He said that only one petition was received. He said the petition nominated Jerry Nagaki. Mr. Horton said that Oregon Statutes provide that if only one nominating petition is submitted for a division, the Board is to name the person nominated in the petition as the duly elected Director without an election. A motion was made by Director Tschida and was seconded by Director Ausman that Jerry Nagaki be named as a duly elected Director for Division #5 to serve for a three-year term commencing January 2, 2011. The motion passed unanimously.

OWRC CONFERENCE. Mr. Chamberlin said that the OWRC Conference is coming up the first of December. He said that a flyer on the conference is in the Directors' packets. He said that the president of OWRC has stepped down early and since Mr. Chamberlin is the vice-president, he will be taking the presidency sooner than anticipated. Travel costs for Mr. Chamberlin attending various OWRC meetings was discussed. Mr. Chamberlin noted that Harvey Manser is now also on the OWRC board. Mr. Chamberlin said that he is trying to do more conference calls.

FALL WORK REPORT. Mr. Manser gave a report on the fall work. He said that the District has dirt at Dead Ox to work on the grates. He said that the liner on Kingman will be cut on Monday. He said that work has started on the Cow Hollow house and on the Malheur siphon legs. He said that

the Hansen pipeline should be done tomorrow, except for the concrete work. He said that ditching will be started and the work will be budget run. Mr. Manser said that the liner work at the old dump was done this spring, but that another section may be done since the District has the material. Mr. Chamberlin gave an update on the old Ontario dump site.

EMPLOYEE GROUP PROPOSAL. Mr. Chamberlin said that he has the PERS numbers and he understands that the District's rate is the highest in the state. He said that according to PERS, he understands the rate could go up 20% to 25% in the next three to five years. He said that the rate is anticipated to increase 10% to 12% next year. He said that he received a report on the health insurance costs and they are anticipated to increase by 10% next year. President Corn noted that between PERS and health insurance, it will cost the District a buck an acre. Director Nagaki noted that social security has not given a cost of living increase for the last two years. The employee proposal was reviewed and discussed. Director Tschida said that he would like to know what the current average hourly wage is with benefits added in. Mr. Manser said that his initial calculation of the average hourly wage, without benefits, is approximately \$16.53 per hour. After discussion, a motion was made by Director Tschida and was seconded by Director Ausman, that the following preamble and resolution be adopted by the Board. A vote was had on the motion. Directors Tschida, Corn, and Ausman voted in favor of the motion and Director Nagaki voted against it. The motion passed on a vote of three to one and the following preamble and resolution were adopted:

WHEREAS, the Employee Group has made a proposal for a two year contract regarding percentage wage increases, requesting revisions to the District's funeral leave policy, requesting changing the timing on buying back employee unused leave, and requesting increased leave for employees employed more than 20 years; and

WHEREAS, health insurance costs to the District are expected to increase by 10% next year; and

WHEREAS, PERS is expected to increase by 10% to 12% next year; and

WHEREAS, details of the National Healthcare Bill and its impact on the District are still unknown; and

WHEREAS, increases in health insurance premiums and PERS alone will result in an increase to District patrons of \$1.00 per acre; and

WHEREAS, given the uncertainty in the economy and healthcare bill, it is hereby:

RESOLVED, that a counter proposal be made to the Employee Group as follows:

1. The changes to the funeral leave policy proposed by the Employee Group are acceptable.
2. The changes to the buyback of earned leave proposed by the Employee Group not acceptable.
3. The proposed changes to increasing leave for employees with 20 years of service proposed by the Employee Group are not acceptable.

4. A one year contract is hereby proposed and the Employee Group as a whole can accept one of the two following options for the 2011 calendar year:

Option A: 0% base wage increase with a possible 1% incentive pay increase and the employees' share of the health insurance deductible being increased from \$250.00 per year to \$500.00 per year;

or

Option B: No wage or incentive increase and the employees' share of their health insurance deductible remains at \$250.00 per year.

FURTHER RESOLVED, that the Employee Group be provided with a printout of District average hourly wages with benefits included.

CREEPING BENTGRASS Mr. Chamberlin said that he received information from Clint Shock that there is a chemical resistant grass known as creeping bentgrass growing along waterways. President Corn said that he is familiar with the grass and that grass killers can kill it. Mr. Chamberlin said that he wants the Board to be aware that the grass is growing along some of the District waterways. The matter was discussed.

OWYHEE DAM HISTORIC REGISTER Mr. Chamberlin said that the Owyhee Dam is on the Historic Register.

BULL TROUT HABITAT Mr. Chamberlin said that Federal Fish & Game has come out with an expanded Bull Trout habitat.


DISTRICT EQUIPMENT UPGRADES Upgrades to District equipment were discussed. Mr. Chamberlin said that he will be meeting with Nichols Accounting staff next week on the District budget.

MALHEUR RIVER BASIN TMDL Mr. Chamberlin said that the Malheur River Basin TMDL is out and that it is not good.

DISTRICT RADIOS Mr. Manser said that in 2013, the radio bands will change and that the current District radios will not work. He said that the District will have to get new radios at that time. The matter was discussed.

ADJOURNMENT. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried that the meeting be adjourned, and accordingly, the meeting adjourned at 10:24 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____