

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

August 24, 2004

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on August 24, 2004, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 6:02 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Larry White	Fred Schilling
Bruce Corn	Jerry Nagaki
Frank Ausman	

Also present were: Jay Chamberlin, District Manager; Mike Ward of Waldo Insurance Company; and Michael W. Horton, Secretary and General Counsel.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on August 12, 2004.

EXECUTIVE SESSION. Mr. Chamberlin said that an executive session is needed to discuss personnel matters. Mr. Horton stated that the Board will be entering executive session pursuant to ORS 192.660 (1)(a). At 6:04 p.m., the Board entered executive session.

At 6:49 p.m., the Board returned to regular session and Carl Morton, Curt Acree, Kris Ward, and Cliff Sebasto, representing District employees joined the meeting.

EMPLOYEE GROUP. Bruce Corn welcomed the employee group and introduced Mike Ward of Field Waldo Insurance to them. He said that Mr. Ward handles health insurance. Mr. Ward gave the employee group a handout on health insurance options. He noted that health insurance premiums are going up 15 to 20% per year and the Board is looking at increasing deductibles to save money. He said he has been asked to provide options on how to pay the increased deductibles. He explained Health Reimbursement Accounts and medical savings accounts to the employee group and fielded questions on those accounts. Mr. Ward explained that any HRA money which is not used can go into the employees' IRA at retirement. President Corn said that the District could pay the \$101 amount which it is currently paying for spouse and family premiums and in salaries to those employees who elect to receive it as such into the HRA account. Mr. Ward said that he can make himself available to all of the employees of the District to explain the options and how they work. A discussion was had on the \$101 being paid per pay period and is actually approximately \$202 per month. President Corn said that the insurance deductible needs to be increased in order to reduce premiums and the HRA and medical savings accounts are ways

to offset the deductible increases. He said that he hopes that this is a win-win situation for both sides. Director Schilling said that the Board would most likely be willing to kick in \$202 per month into the HRA accounts and that this is just a proposal on the insurance portion of the contract negotiations. He said that wages will also need to be discussed. President Corn said that he would like the Committee to take the proposal back to the employees and then have the employee group come back to the Board to negotiate the rest of the contract. The consensus of the employee group was that increasing deductible amounts and funding and creating HRA accounts looked good to them.

President Corn said that on the wages, the Board wants to see more productivity and better skills in the employees. He said that the Board was impressed with what they saw on the tour of the automation sites. The tour reaffirmed to the Board that skilled employees are needed. He said that the offer still stands for the District to pay for additional employee training should employees so choose. Such training needs to be coordinated with the project manager. Director Schilling said that the District needs to have more work done with fewer but better skilled people who will then be paid better.

At 7:35 p.m., the employee group left the meeting and President Corn declared the meeting in recess.

MEETING RECONVENED. At 9:48 p.m., President Corn declared the meeting reconvened. All of the Directors were present. Also present was Jay Chamberlin, Michael W. Horton, and Tom Zittercob, Hydro Electric Supervisor.

MINUTES. Minutes of the meeting of Directors held on July 20, 2004, had been mailed to each Director prior to the meeting. A motion was made by Director Schilling, seconded by Director Nagaki, and unanimously carried approving the minutes as mailed.

OWYHEE IRRIGATION DISTRICT BILLS. Jay Chamberlin handed out a list of accounts payable for the District which were recently paid. The Directors reviewed the list. A motion was made by Director White and seconded by Director Ausman that the payment of the accounts on the list be approved and ratified. The motion passed unanimously.

MITCHELL BUTTE HYDRO REPORT. Tom Zittercob said that the Mitchell Butte Power Plant is running really well. He said that both units ran through almost all of August.

DUNAWAY PUMPING PLANT. Mr. Chamberlin said that unit #2 at the Dunaway Pumping Plant needs to be pulled and repaired. He said that the transformers at Dunaway need to have the oil replaced and new seals installed. He said that the cost estimate for this is around \$25,000. He said that this has needed to be done for the last 10 years.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Jay Chamberlin handed out a financial report prepared by Nichols

Accounting Group for the Mitchell Butte Power Project for the period ending July 31, 2004. The Directors reviewed the report.

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

AT&T	\$ 57.32
Nichols Accounting Group	233.00
Malheur Bell	246.59
FERC	2,999.86
Atlas Polar	<u>256.74</u>
Total	\$3,793.51

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

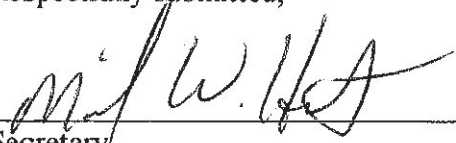
NPDES PERMIT. Mr. Chamberlin said that in the appeal of the NPDES Permit revocation, it was proposed that Oregon use the California definition of mixing zones. He said that the Judge did not agree with this and it looks as if the NPDES Permit will expire at the end of this year. The District will then have to utilize the MAO process next year.

DISTRICT EQUIPMENT PURCHASES. Mr. Chamberlin said that the backhoe should arrive some time in September. He said that he would like to go to a government auction to purchase two or three pickups. He said that his Suburban is on its last leg and needs to be replaced. He said that he is worried about driving it across the state in its current condition. A discussion on vehicle needs was had. Director Schilling asked if there is enough money in the budget to cover the pickup purchases and a manager vehicle. Mr. Chamberlin said that he is not sure about the budget and will have to have those amounts calculated and make a presentation at next month's meet. He said that he still needs computer updates on the budget and hopes to have the updates in place for the next budget year. A discussion was had on the District's bookkeeping, budgeting, and computer systems. Director White said that he would like to receive a comparison report of budgeted to actual expenses each month. Mr. Chamberlin said that he will attempt to get those types of reports with the new software for the next budget cycle. Mr. Chamberlin said that he will put together a budget report for next month's meeting so that the Board can make a decision on vehicle purchases.

DIRECTOR ELECTIONS. Mr. Horton said that Director Nagaki's term of office will be up at the end of the Year. He said that he has published notice in the *Argus Observer* about the Board position. He said that if only one candidate files a petition, then no election is needed. If more than one candidate files a petition prior to October 5, then the Board will need to schedule an election. Mr. Horton said that petitions are available at the District office.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned by President Corn at 10:58 p.m.

Respectfully submitted,


Secretary

APPROVED: _____