

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

January 22, 2008

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on January 22, 2008, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:03 a.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Frank Ausman	Jerry Nagaki
Bruce Corn	Dan Tschida

Also present were: Larry White, District Patron; Peter Nichols and Bob Kemble, CPAs; Mark Carpenter, OID Engineer; Jay Chamberlin, District Manager; and Michael W. Horton, 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 January 15, 2008.

MINUTES. The minutes of the regular meeting of the Board of Directors held on December 18, 2007, 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.

OFFICE BOOKKEEPING - NICHOLS ACCOUNTING. Bob Kemble of Nichols Accounting gave an update on the bookkeeping changeover. He said that Nichols Accounting has taken the general ledger and converted into their system. He said that they are in the process of converting payroll over which will take effect this next pay period. He said that Nichols Accounting Group will be doing the accounts payable and the payroll. He said that the district will continue to send out assessments. President Corn asked who will be taking care of the billing to the other districts. He said that it is important that those billings be timely. Mr. Nichols said that his company should be able to assist with that. Mr. Kemble said that he will provide financial statements to the Board each month. President Corn asked who will be doing the Hydro checks. Mr. Nichols said that has not been addressed yet but that he suspects his company will eventually do all of that.

2008 BUDGET. Peter Nichols handed out a preliminary budget which the Directors reviewed. Mr. Nichols said that over the last four years, the District has been using reserves to operate on. Mr. Nichols and the Directors went through the budget line item by line item. The proposed budget shows that an assessment of \$51.00 per acre is necessary to balance the budget. The Directors expressed dissatisfaction with such an increase and pointed out a number of areas in

the budget where costs could be cut and corrections made. They asked the manager and accountant to look into the following areas: PERS calculation; legal expenses; health insurance; equipment; weed control expense; gopher program; and money to be collected from other districts. A lengthy discussion took place.

Mr. Nichols said that if the Board goes with a \$51.00 per acre assessment, the average increase in the budget over the last number of years would be 4.8%. Mr. Nichols said that he is not sure yet on his fees for the budget process. He also said that the Board may want to consider having the employees' share of the PERS be paid in before taxes as there is no advantage to the employees to put after-tax dollars in. President Corn asked who will be doing the generation report on Mitchell Butte and Mr. Nichols said that he will check into that.

At 11:12 a.m., Pete Nichols and Robert Kemble let the meeting and Vaughn Schulthies and Stoney Schulthies joined the meeting.

SCHULTHIES PIPELINE. The Schulthieses said that they are wanting to pipe some laterals. They said that they have purchased pivots and the pivots need to cross laterals. Vaughn Schulthies said that he has 1,360 feet of 18" pipe which needs to be installed. He said that Norm Bennett and Jack Cummings are also on his lateral. Stoney Schulthies said that he has 900 feet of pipe which he would like the District to bury. Mr. Chamberlin said that the demands on the District have gotten so high that the District has kind of backed off on providing the digging on pipelines. He said that the decision to do the digging is now based upon the merits of the project and the benefit to the District as a whole. President Corn said that it is important to look at the big picture and not piece meal these projects. Mark Carpenter said that this area would benefit from future pressurization but that he has talked with the foremen and they are already tapped out on work for this off-season. Mr. Chamberlin said that the District needs figures and maps before an assessment of the project can be done. Mark Carpenter said that if the pivots are used this next irrigation season, the District would most likely be looking at bridges. Mr. Chamberlin said that is not necessarily the case as bridges create problems for the system and the decision will rest with management.

At 11:30 a.m., Vaughn and Stoney Schulthies left the meeting.

Mr. Chamberlin said that the problem the District runs into when laterals are piped is that road access becomes pretty sloppy. A discussion was had on projects just showing up at the meeting and the process for proposed pipelines was discussed. Mr. Horton suggested that the landowners work with management before a proposed pipeline is brought before the Board. Mr. Chamberlin said that he will have Mark Carpenter put together a checklist for landowners to be able to come in and pick up so that they know what information they need to bring to management before the project is even considered.

At 11:46 a.m., Larry White left the meeting.

REORGANIZATION. President Corn stated that this, the first meeting in January 2008, is the time for the reorganization of the Board.

ELECTION OF PRESIDENT. President Corn opened nominations for the election of the President of the District for the ensuing year. Director Ausman nominated Bruce Corn. Director Tschida seconded the nomination and moved that nominations cease and that a unanimous ballot be cast for the election of Bruce Corn as President of the District for the ensuing year. The motion was seconded by Director Ausman and passed unanimously.

ELECTION OF VICE-PRESIDENT. President Corn opened the nominations for the election of a Vice-President of the District to serve during the ensuing year. President Corn nominated Jerry Nagaki. Director Tschida seconded the nomination and moved that nominations cease and that a unanimous ballot be cast for the election of Jerry Nagaki as Vice-President of the District for the ensuing year. The motion was seconded by Director Ausman and passed unanimously.

ELECTION OF SECRETARY. President Corn opened nominations for the election of Secretary of the District for the ensuing year. Director Ausman nominated Curt Sisson. Director Tschida seconded the nomination and moved that nominations cease and that a unanimous ballot be cast for the election of Curt Sisson as Secretary of the District for the ensuing year. The motion was seconded by Director Nagaki and passed unanimously.

JOINT COMMITTEE REPRESENTATIVES. President Corn said that the representatives from OID to the Joint Committee need to be determined. A discussion was had. After discussion, a motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried designating Bruce Corn, Frank Ausman, Curt Sisson, and Jerry Nagaki as representatives to the Joint Committee of the Owyhee Project with Dan Tschida as the alternate.

APPOINTMENT OF LEGAL COUNSEL. Mr. Horton gave a presentation on his fees for the District during the prior year and his proposal for the upcoming year. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried appointing the law firm of Stunz, Fonda, Kiyuna, & Horton, LLP, as attorneys for the District for the year 2008 and authorizing that a monthly retainer be paid in the amount of \$1,300 which shall be for up to 12 hours of work with any additional hours in such month to be billed at \$120 per hour with conference and travel time to be billed at half the hourly rate and that out-of-pocket expenses be paid by the District in addition to the retainer amount.

DEPOSITORIES. Discussion was held concerning the depositories of the funds of the Owyhee Irrigation District. Mr. Chamberlin recommended that the District continue with the present depositories. A motion was made by Director Ausman, seconded by Director Tschida, and carried unanimously that Sterling Savings Bank, Nyssa Branch; U.S. Bank, Nyssa Branch; and the Local Government Investment Pool as administered by the State Treasurer of Oregon, be designated as the official depositories of the funds of the District, and that the same may be

withdrawn from the said depositories on checks or advices signed by any two of the following: Frank Ausman, Bruce Corn, Jerry Nagaki, Dan Tschida, and Curt Sisson, Directors of the District; Jay Chamberlin, Project Manager; and Michael W. Horton, Attorney; provided, however, that funds may be transferred electronically from bank accounts of the District to the Local Government Investment Pool, or from the Local Government Investment Pool to bank accounts of the District, by direction given by Jay Chamberlin.

INSURANCE AGENT OF RECORD. President Corn stated that the next item of business is consideration of the District's insurance agent of record. A motion was made by Director Ausman and was seconded by Director Nagaki that Ray Waldo and Field-Waldo Insurance be appointed as the District's insurance agent of record. The motion passed unanimously.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Mr. Chamberlin said that the list of accounts payable are in the Board member packets. The District bills were reviewed and discussed. A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried authorizing payment of the accounts payable as presented.

RECESS. At 12:10 p.m., President Corn declared the meeting in recess.

MEETING RECONVENED. At 2:40 p.m., the meeting was reconvened with Tom Zittercob also being present.

COW HOLLOW PIPELINE PROJECT. Mark Carpenter updated the Board on the progress of the Cow Hollow Pipeline Project. He said that most of the pipe is in and the crew is now waiting for the weather to warm up to finish up the last bit of installation of the pipe. He said that they are having landowner issues on the bottom end of the project. He said that depending upon the weather conditions, they have about two more weeks of work to do on the inlet structure. He said that all of the necessary parts are there and that there is a good functional inlet structure engineered. Mr. Chamberlin said that OID's contribution to the project is shifting from digging the mainline to installing the inlet structure.

At 2:48 p.m., Tom Zittercob left the meeting.

Mr. Carpenter said that overall, the pipeline project work is going well. He said that Mr. Tullet is wanting to do in-kind services for his share of tying into the system. He said that he referred Mr. Tullet to Jennifer Martin on that issue. Director Tschida asked who will be paying the bill for the motor on the screen and Mr. Chamberlin said that it will be a minimal charge as it is just a one-third horsepower motor. He said that most likely the District will pay the ongoing power bill in lieu of having to maintain a canal.

Mr. Carpenter said that there are two more projects similar to this one which are being looked at. At 2:55 p.m., Mark Carpenter left the meeting.

AUDIT PROPOSALS. Jay Chamberlin said that proposals have come in for the 2007 audit. President Corn opened the proposals. Bledsoe and Bledsoe proposed doing the audit for \$16,624.00. Brian Richins proposed doing the audit for \$11,100.00. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried authorizing the District to hire Brian Richins as the auditor for the District to prepare the 2007 audit.

EQUIPMENT PURCHASE. Mr. Chamberlin said that Denis Price has an excavator boom which he is offering to sell to the District for \$6,500. He said that a used boom would cost \$10,000 at a minimum. Director Tschida said that he wants to wait and see where the budget comes out before making a decision on further equipment purchases.

SCRAP IRON AT DUNAWAY. Mr. Chamberlin said that he had a guy offer to haul off some scrap iron at Dunaway. He said that he informed the gentleman that he is not interested in getting rid of the material at this time.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin passed around a financial report prepared by Nichols Accounting Group for the Mitchell Butte Power Project for the period ending December 31, 2007. The Financial report for Mitchell Butte Power Project was reviewed by the Directors. President Corn said that the District may be able to move some money out of the Mitchell Butte Project to the District to help supplement the budget. He said that he wants to wait until Mr. Zittercob reports on whether or not molds for the one unit are still in place and if a savings to the District can be realized by having the part molded ahead of time.

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

AT&T	\$56.15
US Cellular	245.10
Idaho Power Solution	142.98
Apple Valley Electric	962.26
Nichols Accounting	<u>75.00</u>
Total	\$1,481.49

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.

MANAGER CONTRACT. Mr. Chamberlin said that his contract with the District is up for renewal. He said that he has no proposed changes to the contract and he thanked the Board for employing him and said that he is happy working for the District.

EMPLOYEE EVALUATIONS. Mr. Chamberlin said that the employee evaluations have been completed and went well. He said that the employees have also gone through their annual training. He then updated the Board on the evaluation process. He said that he has one employee who is potentially going to retire. He then handed out an emergency phone number list for the District employees. He said that OID sponsored an OWRC O&M workshop and it went really well.

ONTARIO SHOP PROPERTY. Mr. Horton said that he contacted Larry Sullivan with regard to the gentleman who was offering to sell property to the District near the Ontario shop. Mr. Horton said that Larry Sullivan said that Mr. Worthy owns the property and is wanting to sell it for \$10,000. The Directors took no action on the proposal.

WRECKED DUMP TRUCK. Mr. Chamberlin said that the District received money from the insurance company for the wrecked dump truck and then purchased it back. He said he plans on using the motor and transmission from the wrecked truck. He said that the dump box may also be used. He then updated the Directors on a chemical truck which was purchased.

DELINQUENT ACCOUNTS. Mr. Horton said that he has a list of those accounts which the District needs to take action on. He read off the accounts and said that he and Max Taggart both have conflicts of interests on a number of the accounts on the list. Mr. Horton suggested that the District hire Bill Nichols to collect the delinquent accounts. He said that Mr. Nichols has agreed to bill the District at an hourly rate of \$180.00. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried authorizing the District to begin collection proceedings on those delinquent accounts which are from the year 2005 or older and which patrons are not making payments. Such collection proceedings shall include the filing of liens and foreclosure of those liens and Bill Nichols is hereby hired to do the necessary legal work to collect these accounts.

EXECUTIVE SESSION. President Corn said that an executive session is needed to discuss Mr. Chamberlin's contract. He said that the executive session is authorized pursuant to ORS 192.660(2)(a). The Board entered executive session at 3:38 p.m., and Jay Chamberlin left the meeting.

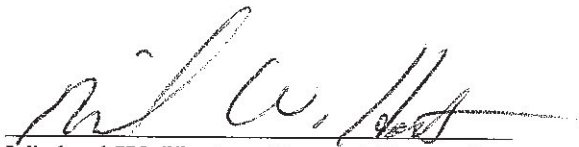
At 4:47 p.m., the Board returned to regular session.

MANAGER CONTRACT. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried that Jay Chamberlin's contract be renewed for another three years with the accrued sick leave and HRA changes to be made to the contract consistent with the employees' contract and with the salary to be increased by \$1,200 for the year 2008, a salary increase of 2% in 2009, and a salary increase of 3% in 2010, with such increases to be subject to Board evaluation of Mr. Chamberlin's job performance.

DATE AND TIME OF NEXT MEETING. The date and time of the next Board meeting was discussed. After discussion, it was determined that a meeting on the budget will be held on January 29, 2008, at 10:00 a.m., at Mr. Horton's office.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 4:52 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Michael W. Horton", written over a horizontal line.

Michael W. Horton, General Counsel

APPROVED: _____