

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

October 28, 2008

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on October 28, 2008, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 7:00 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Curt Sisson
Bruce Corn	Dan Tschida
Frank Ausman	

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

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 21, 2008.

ROBERT SELLERS' EMPLOYMENT TERMINATION APPEAL. Mr. Horton said that Mr. Sellers contacted his office and said that he is no longer appealing Mr. Chamberlin's decision to terminate his employment. Mr. Horton said that a hearing was scheduled for the Board to hear the appeal at the start of tonight's meeting and that a hearing is no longer necessary.

MINUTES. The minutes of the regular meeting of the Board of Directors held on September 16, 2008, were mailed to the Directors prior to the meeting. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried approving the minutes as mailed.

DISTRICT ACCOUNTS PAYABLE. Mr. Chamberlin said that he does not have a report on the accounts payable for this month. President Corn said that the Directors will have to review the accounts at next month's meeting.

MITCHELL BUTTE POWER PROJECT.

Generation and Financial Report. Mr. Chamberlin said that the Mitchell Butte generation and financial report is in the Directors' packets. The Directors reviewed the report.

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

Malheur Bell	\$292.80
Nichols Accounting	<u>75.00</u>
Total	\$367.80

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

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin passed out a financial report on the Owyhee Dam Power Project prepared by Nichols Accounting Group for the month ending September 30, 2008. The Directors reviewed the financial report.

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

AT&T	\$62.63
Malheur Bell	48.48
Stunz Fonda, Kiyuna & Horton, LLP	231.00
U.S. Cellular	91.98
Nichols Accounting	<u>303.00</u>
Total	\$737.09

A motion was made by Director Tschida and was seconded by Director Nagaki that the accounts payable for the month for the Owyhee Dam Power Project, as listed in the agenda, be paid. The motion passed unanimously.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report prepared by Nichols Accounting Group on the Tunnel #1 Power Project for the period ending September 30, 2008. The Directors reviewed the report. Mr. Chamberlin said that several small pumps need repaired on the Power Plant. He said that the runner will need to be looked at later this off season.

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

AT&T	\$1.85
Nichols Accounting	<u>383.00</u>
Total	\$384.85

A motion was made by Director Ausman and was seconded by Director Tschida that the accounts payable for the month for the Tunnel #1 Power Project, as listed in the agenda, be paid. The motion passed unanimously.

DISTRICT FINANCIAL REPORT. Mr. Chamberlin passed around a monthly financial report prepared by Nichols Accounting. The Directors reviewed the report. Mr. Chamberlin said that he has no idea yet on how much excess water income may come in, though he did say there was a good run on excess water. During the review of the financial report, a question came up with regard to operating reserves on page eleven of the report. Mr. Chamberlin said that he will check with Peter Nichols with regard to the operating reserves. A discussion on the reserves for the Dead Ox Pumping Plant improvements followed.

FARRELL LARSON - SELECT ONION PIPELINE Mark Carpenter said that the pipe and elbows for the project are on hand. He said that he expects to start tearing up the old line next week. Mr. Chamberlin said that an agreement with Mr. Larson has been signed. He said the agreement provides that if the new pipeline does not provide sufficient water, the District can go up further on the canal to get more head and that Mr. Larson will pay for that. The agreement also provides that Larson will be giving the District a recorded and surveyed easement. Mr. Carpenter said that the District will be charging a competitive wage for the work which is being done on the project and that Mr. Larson will be paying those costs. Mr. Chamberlin said that District personnel will be laying every stick of pipe on the project. Mr. Carpenter said that he estimates the job, including the orifice installation, will take three days. He said that the concrete boxes have not been poured yet.

AL GARRISON PIPELINE LEAK. Mr. Chamberlin said that a pipeline runs across property which Mr. Garrison farms. Mr. Manser said in 2001, a new line was put in a year before Stanton Boulevard was put in. He said that the new line stopped at the old pipe and a bubbler has since been installed. Mr. Carpenter said that the old line is a twelve inch line and is leaking just past the measuring device. Mr. Manser said that the pipeline is not District pipeline and that the policy of the District has been that pipe after the weir blade is the patron's responsibility. Jeff Sutton and Mark Hauter's leaking pipelines were discussed.

At 7:45 p.m., Al Garrison joined the meeting. He explained that he leases the property from Mr. Peterson. He said the pipe leaks in the field up to the bubbler. He said that he understands that it is the landowner's responsibility to replace the leaking pipe, but he was wondering if the District would lay the pipe to grade if he buys the pipe. He said the District has repaired the pipeline a couple of times in the past. Mr. Chamberlin said that if the District were to do the work, it would be a springtime project. President Corn said that the staff will discuss the

proposed project and get back with Mr. Garrison. President Corn said that the District will try to work in the project in the springtime.

At 7:59 p.m., Al Garrison left the meeting and Brian Richins, CPA, and Kris Ward, District employee, joined the meeting.

2007 DISTRICT AUDIT. Brian Richins presented the 2007 year end audit. He handed out copies of the audit to the Directors along with charts. He said that he had some trouble getting information from the prior auditor. He said that this, coupled with the remodeling of the District office, led to the delays in getting the audit done sooner. Mr. Richins explained that government audits are now requiring a management letter and analysis, but that districts are usually not equipped to provide such a document. He suggested that next year Nichols Accounting could help with that letter.

Mr. Richins explained some of the issues he encountered in preparing the audit. He said that receivables and sick leave had never been on the books before and were added in. He explained adjustments that were made to arrive at starting balances. He asked the Board whether or not they want to set up an account for bad debt reserves. The consensus of the Board is not to do so.

The Board made Mr. Richins aware of Mitchell Butte payments which were made back to the District during the 2008 calendar year. Mr. Richins said that he will move the Mitchell Butte account from a component unit into the District's section of the audit next year.

Mr. Richins noted that the District is missing fidelity bond coverage when he checked with Ray Waldo. Mr. Chamberlin said that he will get with Mr. Waldo to make sure that the District has the correct coverage.

Mr. Richins said that he will work with Nichols Accounting to get adjustments plugged into the accounting records. He said that the District staff was friendly and good to work with in preparing the audit. President Corn thanked Mr. Richins for his work. Mr. Richins said that he will start on next year's audit right after the first of the year. He then took the copies of the audit back to make corrections and suggested that the Board approve the audit at next month's meeting. He said that he will submit it to the Oregon Secretary of State before that time.

At 8:45 p.m., Brian Richins and Kris Ward left the meeting and representatives from the OID Employee Group joined the meeting.

EMPLOYEE GROUP. The Employee Group said that they are wanting to know if the District could have a spring meeting with District patrons just before the water bills go out. They said that they received a lot of heat from District patrons last year after the bills went out. The pros and cons of having a meeting were discussed. Mr. Chamberlin said that District staff are thinking of updating the District's website to provide more information on District charges. The need for a newsletter explaining any assessment increase to District patrons was discussed. At 8:58 p.m., the Employee Group left the meeting.

DRUG TESTING PROGRAM. Mr. Chamberlin said that he would like to see the District implement a drug testing program. He said that the District policies provide that the District is a drug free work place, but that other than testing for CDLs, the District does not have a way to do random drug testing. Mr. Chamberlin said that there are two ways to go. One would be for the District to formulate its own policy. The other way would be to use a company that works through Special Districts to perform the testing. Mr. Horton explained some of the legal issues involving a drug testing program. Mr. Chamberlin said that he would like to have the program effective the first of next year and he will find out the costs involved in the testing and get some figures so that the costs can be budgeted for.

DUNAWAY PUMPING PLANT. Mr. Chamberlin said that problems arose with a couple of pumps at the Dunaway Pumping Plant. Both pumps have been taken out for repairs. One pump has an imbalance and will be repaired. The other pump needs a new impeller and the estimate for the repairs is \$70,000. President Corn noted that the District only uses one pump at a time in normal years. Director Ausman suggested that the District may be able to let one unit sit without being repaired. Mr. Manser said that the District is looking at putting in a stainless steel impeller rather than a cast iron impeller. The potential costs and alternatives were discussed. Mr. Chamberlin said that he will get more information on potential costs.

WINTER PROJECTS. Mr. Chamberlin said that he and Mr. Manser will be going out tomorrow to tour the District and start inventorying winter projects.

SEDIMENT PONDS. Mr. Chamberlin said that OWEB has agreed to allow the District to install just one sediment pond rather than three and will still provide all of the grant money for the project. Mr. Chamberlin said that the District has begun work on a pond at the corner of King and Clark Boulevard. He said that there is a lot of work still to be done. Mark Carpenter explained the project and the timelines for completion. Mr. Chamberlin said that the District has until December 31 to get the pond completed in order to comply with the grant.

STAFFING CHANGES. Mr. Chamberlin explained that some shakeups have occurred in District staffing. He said that Harvey Manser is now the assistant manager for the District. He said that Mr. Manser will continue to do his chemical work. Mr. Chamberlin said that he wants the District to be proactive instead of reactive. He said that he and Mr. Manser are working toward new District and employee policies.

FALL PROJECTS. Mr. Manser said that he and Mr. Chamberlin have prioritized fall projects. He said that the five major priorities in order of importance for this fall are:

1. Landfill liner.
2. Dunaway pumps.
3. Snively slide.
4. Sediment pond.

5. Cleaning silt from North Canal.

Mr. Manser explained each of the proposed projects. Mr. Chamberlin said that these are just the top five projects and that there will be other smaller items which the District staff will be working on. He said that some of those other items include Mike Warren's pipeline and the legs on the Malheur Siphon.

Grants, funding, and the countywide analysis were discussed. Director Tschida said that the District newsletter needs to include information notifying landowners that the District will not repair pipelines beyond measuring devices. Mr. Manser said that District staff could start cleaning out silt bars in the District's canals and laterals today and they still could not get them done by the time water comes in. Mr. Chamberlin said that he would like to make a recommendation that the District use a combination of mowers and chemical for weed control this next year.

DISTRICT OFFICE HOURS. Mr. Chamberlin said that he is considering changing the office hours and have the office staff work four 10-hour days during the off season. The Board agreed to this proposal. Mr. Chamberlin said that he does have a fee schedule for property information requests and engineering services in place.

SPRING TURN-ON DATE. President Corn said that he would like to see the District prepared to deliver water towards the 1<sup>st</sup> of April versus the 15<sup>th</sup> of April. He said that with more growers going to drip systems and the South being much dryer than the North portion of the District, he would like to see the District prepared to have April 1<sup>st</sup> of each year as the target date for water turning on. The matter was discussed.

At 10:07 p.m., Mark Carpenter left the meeting.

IRRIGATION DISTRICT COMPUTER SYSTEM. Mr. Chamberlin said that he received a quote from True Point Solutions on a computer system for the District. He passed around the quote for the software which is \$86,500. Mr. Chamberlin said that this does not include hardware. He said that the program will do accounting and billing for the Irrigation District. He said that Black Canyon Irrigation District has been using the software and is happy with it. Mr. Chamberlin said that he sat through a demonstration of the program and that it is very user friendly. He said that he will visit Black Canyon to see how the system is working for them. He said that he is still worried about the water accounting for the District. President Corn said that District staff need to be working on the budget right away.

DAM TENDER. Mr. Chamberlin said that he will be advertising the position of dam tender. He updated the Board on the current employment situation at the dam.

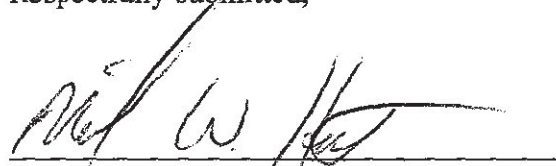
DIRECTOR POSITIONS. Mr. Horton stated that the deadline for filing nomination petitions for Director positions for Divisions #2 and #4 has passed. He said that only one petition

was received for each division. He said that the petition for Division #2 nominated Frank Ausman and the petition for Division #4 nominated Dan Tschida. He said that Kris Ward has confirmed that each of the petitions contain at least ten signatures from eligible District patrons and that Curt Sisson, District Secretary, has accepted the petitions. Mr. Horton said that the 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 Sisson and was seconded by Director Nagaki that Frank Ausman be named as a duly elected Director for Division #2 and that Dan Tschida be named as a duly elected Director for Division #4, both to serve for three-year terms commencing January 2, 2009. The motion passed unanimously.

BOARDMAN TO HEMINGWAY POWER LINE PROPOSAL. Mr. Horton said that he received information with regard to a proposed transmission line project which would cross District lands. President Corn explained the project and his concern is that if the transmission line project were to go through, that a utility corridor would also be established. He said that the problem with a utility corridor would be that large gas lines and other underground utilities using the corridor would have to cross the main canal. The problem with utilities crossing canals and laterals was discussed. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried that Owyhee Irrigation District opposes the proposed Boardman to Hemingway Transmission Line Project unless such project is routed around Owyhee Irrigation District's boundaries and Mr. Chamberlin is authorized to notify the respective parties of the District's opposition.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 10:37 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: \_\_\_\_\_