

**MINUTES OF A SPECIAL BOARD MEETING
OF THE BOARD OF DIRECTORS
FEBRUARY 29, 2016**

Board President Brent Cheyne called the meeting to order at 10:00am. Present were Directors Brent Cheyne, Grant Knoll, Greg Carleton and Ken Smith; Staff Darin Kandra and Shelly Gates; Attorney Bill Ganong arrived later.

Cheyne stated the first item on the agenda is the purchase of Cascade Aquatic Herbicide. The district receives a substantial discount if ordered by today. Kandra stated that each year the company has a cutoff date to receive the discount and this year it is February 29. After today they go to their new pricing. Kandra requested the boards' approval to order 1,000 gallons. We typically order 1,000 gallons and use 1,000 gallons. We do have some left over from last year. It is difficult to get the system down in a normal water year to a ray that fits the 1,000 gallons. Weather factors into that so it may be impossible to know exactly how much chemicals will be needed. Cheyne asked Kandra how much of a savings we would receive if we order today to which Kandra replied \$1,500 on 1,000 gallons. Price would increase from \$68.40 per gallon to \$69.90 per gallon. Carleton motioned to allow Kandra to make the purchase of Cascade today, Knoll seconded and the motion passed unanimously.

The board reviewed the job description for the position of District Manager. Cheyne asked if there were any questions and Carleton stated, he had some input as far as education requirement. Carleton felt that a civil engineering background should be preferred, but not necessarily required and Cheyne agreed. Carleton also suggested that they should be required to be a licensed dam operator within a specified time frame. Cheyne stated he thought the Bureau has a standard for that. Knoll suggested adding a salary range and benefits, but Cheyne thought it might be better to leave the salary open to negotiation at the time. Carleton stated maybe adding "depending on experience". Knoll motioned to approve the job description with the corrections discussed, Carleton seconded and the motion passed unanimously.

Dave Oxley asked the board what the plan is now that they have an approved job description. Have you decided how long you will advertise it? Cheyne stated that they were waiting for Ganong to arrive to finalize that.

Dave Oxley we present to discuss a flyer regarding the C-Flume vote and discuss the public negotiations meeting at the Bureau. Cacka and Cheyne were at the C-Flume meeting to represent Klamath Irrigation District (KID) and the Bureau has a montage of people there including two lawyers from Sacramento to represent the Bureau. Oxley feels that it is imperative; it's a request, that KID get legal counsel to help you with the negotiations. They have legal counsel to represent them and we just have 2 guys that are volunteering on a district board, nothing against them, but he felt they were far out classed in the law end of things. He felt that was pretty important with negotiations with the Bureau to have. Oxley also thought they may be against protocol because he wasn't sure that their lawyers could talk to you guys without your counsel. Oxley stated he was not talking about local legal counsel, but the high powered lawyers from Sacramento, and that it's imperative we get advice, a second opinion. Everything

up until now may have gone perfect, he was not in there, but you guys weren't involved in all of that either. You are looking a potentially a 10 million dollar plus decision for this district and a second opinion is a no brainer. Oxley felt they would be neglecting their duties if they didn't have a lawyer look over everything, a second lawyer, and give you a second opinion to make sure everything is on the up and up. That was a preliminary negotiation and there are more to follow. The other thing Oxley noticed was that they are moving forward quickly, not sure why. Carleton commented that it was because she (Therese at the Bureau) has the money and she will lose that money if we don't use it. We may not have the chance to get it again. Oxley stated he did not get that impression. Cheyne stated that she had said the funds would be available for 9 months more and we don't have to do it this week. We need to be very cognizant of that. Carleton added that someone else will get the money if we don't. Oxley said maybe that is the reason they are pushing so quickly, but you guys should be too to make sure everything is correct. Get a second opinion and get things going on that. Oxley stated he could not stress this enough.

Oxley state the Bureau has two informational meetings this week and we have a vote next week, which is why he would like to discuss a flyer. Not time for KID to any more information than what the Bureau will be giving. There isn't time to send out a newsletter to help explain that the bureau will explain tomorrow *in Klamath) and Thursday (Merrill City Hall), but you should get a flier out to the newspaper and the radio because there are a lot of people who don't realize that you have to come in here to do the vote. Oxley stated he didn't know until he asked someone if ballots were going to be mailed out, how are we doing this. Oxley presented a flier his wife had written and said he didn't think it was totally correct because he wasn't sure how you need to work things. Right at the beginning , he wasn't sure if "registered patron", I'm not sure how you word that. Get the information out to the newspaper this week so people do know to come in. If you can get the radio to do their blurb, that always helps too because some hear the radio that don't read the paper. It an important vote and people need to come and vote one way or the other.

Oxley said he could not stress enough the deal on the lawyer with what they're wanting to do and them wanting to schedule another meeting almost immediately. That's the reason why I asked to get on the agenda for this special meeting because the flier obviously needs to go out. The votes before the next board meeting and I think you guys really need to retain legal advice and get it started, get the information to them because it's going to take a while for them to go through it.

Cheyne commented that he liked the idea of getting more information in the paper. Ganong arrived and reviewed Oxley's flier information. Ganong clarified that it is not a bond. A bond is a type of instrument you sell and this is just a direct loan from the United States and an agreement to repay it, so the use of the term bond isn't accurate. The wording on the ballot is to the effect to authorize KID entering into a contract with the United States to borrow up to \$10,000,000. Ganong said it would be best to word it something like: "A yes vote will authorize the KID board members to enter into a contract with the United States to borrow money to replace the C-Flume, up to \$10,000,000 or something like that. Ganong took the statement posted on KID's office door and read it to the board. The statement actually on the ballot is "Authorizes Klamath Irrigation District to Borrow from the United states: and the question is should the Klamath Irrigation District contract with the United States to borrow up to \$10,000,000 to replace the C-Canal Flume. Ganong suggested that this notice should be fairly close to that language since that's what the ballot is actually asking. So a yes vote authorizes the

district to enter into a contract rather than to accept the C-Flume bond. Gates added that it would be helpful to put more emphasis on "registered voter" because there are people that feel they are registered, but have not gone through the process. Be specific that they must have completed the registration process. Gates stated that it would be easy to read right over "registered voters" and think, I pay assessments to KID, so I'm registered. Oxley agreed and it has caused him confusion as well. Gates stated that we ran into that assumption at the last November election, where individuals came in to vote thinking they were registered when they were not.

Marci Anderson stated that at the Bureau meeting they said the C-Flume project would be a prevailing wage job. She question why if this is private money. Ganong explained that KID is a public entity and they would be required to use prevailing law wage. Anderson asked if that was because it was on Bureau property and Ganong stated that if KID build something in the pasture next door, they would be required to pay prevailing law wage. Public contracting law requires it. Ganong said there could be a difference between the federal prevailing wage and the state prevailing wage. Any public entity in a public contract falls under the law. Anderson commented that will make a huge difference in cost, to which Ganong agreed.

Pat Lunde asked if possibly Herald and News could put the article on the front page as opposed to placing it with the public notices that people just skim over. Carleton mentioned even a full page ad. Cheyne suggested a half page minimum on possibly the second or third page. There was a suggestion to send out a post card and Cheyne commented that there isn't enough time and it's time sensitive, it's kind of our last minute push. Knoll asked how many days do you want to run it for. Cheyne recommended two days, the 4th and the 6th; Carleton agreed Sunday would be a good day. Carleton motioned to put a half page ad in the Herald and News on the 4th and 6th of March and daily on the radio. Shelly will take care of the details. Knoll seconded and the motion passed unanimously.

Ed Bair asked if we have 1005 support of the board for the C-Flume project to which Cheyne stated we do. Bair also asked why the election was being held March 8th and not later so we would have more time to get out to the public. Ganong explained that there are only certain days you can hold an election and the next one after this would be May 10th. The intent was to get it as quickly as possible, so if the voters approved the ballot, the board could contract with the Bureau and get going.

John Bair asked Ed Bair if the patrons were in support of the project and Ed Bair responded absolutely. It's my water supply.

Board President Cheyne announced that the Board of Director was going into executive session pursuant to ORS 192.660 (2) to discuss legal matters.

The board reconvened to open session at 11:16am.

Cheyne stated the purpose of our executive session was to have some discussion on legal issues. Knoll made a motion that we engage Lawrence Kogan to oversee the Flume contracts. Carleton seconded. Cheyne stated we have a motion by Knoll and a second by Carleton to retain Kogan and Associates to oversee the Flume contracts and give us some specialized guidance. The motion passed unanimously.

Knoll made a motion to retain Nathan Reitman for tomorrow, March 1, 2016, for the Klamath Hydroelectric Settlement Agreement (KHSA) for representation for Klamath Irrigation District (KID). Smith seconded, Carleton did not cast a vote, Cheyne voted with Knoll and Smith and the motion passed 3-0.

Carleton stated that he felt that we should be represented as a project in regards to the KHSA. Cheyne stated he totally agreed with Carleton's point.

Ed Bair asked Cheyne to repeat who he hired for the C-Flume project and what firm they are with. Cheyne said Kogan and Associates from Washington DC. Bair asked what the cost of the retainer was and Cheyne responded \$5,000. Bair asked if that was the total cost or just the retainer. Cheyne stated for today it's just the retainer. Josh DuBose asked if they have an hourly rate and Koll stated \$250 per hour after that. Bair asked on who's' recommendation and Cheyne stated the board. Bair asked where did you find the firm and Cheyne responded Google was my friend.

There being no further business, Knoll motioned to adjourn, Smith seconded, all were in favor and the meeting adjourned at 11:20am

ATTESTS:

President

Secretary