

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

May 27, 2005

A special meeting of the Board of Directors of the Owyhee Irrigation District was held on May 27, 2005, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 12:10 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Fred Schilling
Bruce Corn	Frank Ausman
Larry White	

Also present were: Jay Chamberlin, District Manager and Michael W. Horton, Secretary and General Counsel.

MEETING NOTICE. Jay Chamberlin said that public notice of the meeting was given in compliance with Oregon laws.

HEALTH INSURANCE. President Corn stated that the emergency meeting has been called because Board action is needed with regard to additional information which has come up on the employee health insurance issue.

President Corn asked Directors White and Ausman for a report on their meeting with the Employee Group. Director White said that the employees were presented with the two options which the Board adopted at its last monthly Board meeting. He said that at the meeting with the employees, Mike Ward, the insurance agent for the District, had additional information with regard to the HSA Plan which the Board had presented as one of the options on the insurance. He said that the employees did not make a decision at the meeting but instead decided to do their own investigations and meet again. Director Ausman said that at the meeting with the employees, Mr. Ward said that the employees' HSA Plan cannot be used for prescriptions. He said that this is counter to what Mr. Ward had told the Board and employees earlier. Mr. Chamberlin said that he also attended the meeting with the employees and at the meeting, Mr. Ward said that the employees are locked into the Flex Plan and if the employees were to choose the option to terminate their health insurance, the employees would lose the prescription benefit from the Flex Plan. Mr. Chamberlin said that as Mr. Ward continued to speak at the employees' meeting, he contradicted statements which he made at the meeting with the Directors and provided additional information relating to the HSA option which he did not disclose to the Directors at the earlier meeting.

Mr. Chamberlin said that he told Ray Waldo, the insurance agent of record for the District, that the District is done with Mr. Ward. President Corn said that Mr. Ward admitted to him that he did not do his homework on the HSA Plan before he presented it to the Board. Mr. Chamberlin said that the District employees cannot and will not work with Mr. Ward anymore. Mr. Horton stated that after the employee meeting, Mr. Ward called him and asked him why the Directors were so adamant in not allowing some of the employees to opt out of the District provided health insurance plan and instead go on their spouse's plans. Mr. Horton said that he then told Mr. Ward that the Directors only have the information available to them which Mr. Ward provides to them and that he is the one who told them that 100% of the District employees had to be covered under the plan. Mr. Horton said that Mr. Ward then informed him that those employees whose spouse's have insurance available are not eligible to participate in the HSA Plan. He said that Mr. Ward then asked him if the Directors knew this. Mr. Horton said no and that he then told Mr. Ward that the Directors only have the information which Mr. Ward provides to them.

Mr. Chamberlin said that the Board needs to make a decision right away because the health insurance renews on June 1. He said that he spoke with an agent from Special Districts who has informed him that the District can extend its anniversary date out to July or next January. Mr. Chamberlin then reported on a second employee meeting which he attended. He said that at that meeting, the employees had David Benson and Todd Clements who are both insurance agents present at the meeting. He said that those agents would like to make formal presentations to the Board on other insurance options available. He said that they claim that there are other companies in Oregon which can provide health insurance. He said that Mike Blackaby's insurance office is also interested in submitting a bid. Mr. Horton said that the Board should seriously consider bringing in the Special Districts' health insurance representative to explain the options available to the Board including dealing with closing out the HSA and Flex Plans. He said that it is important for the Board to have all of this information so that the Board members can make an informed decision.

Mr. Chamberlin said that the first thing that needs to be done is to keep the status quo in place for a month. He said that in so doing, there would be an extra cost not only for the District but also for those District employees who insure their spouses and family. Mr. Chamberlin said that he was wondering if the District would be willing to pick up the extra costs which will be imposed on those employees who insure their spouses and families. Director Schilling said that there is no question that the Board will support the employees in this.

A discussion on the timing of an insurance transition and getting proposals from different agents was had. Director White said that he would prefer to have a Board meeting to meet with the agents who are in the running. Mr. Chamberlin said that he will select a date and try to schedule only those agents who can provide the type of health coverage which the District is looking for.

Director Ausman made a motion to extend the insurance benefits for one month and for the District to pick up the additional costs to those employees who insure their spouses and families. The motion was seconded by Director Nagaki and carried unanimously.


Director White made a motion authorizing Mr. Chamberlin to seek quotes from insurance agents on providing health insurance coverage to District employees. The motion was seconded by Director Schilling and carried unanimously.

Mr. Chamberlin reported that an employee got a denial letter from the HRA administrator denying payment on prescription drug benefits. Director Schilling asked Mr. Chamberlin if the employees are blaming the Board of Directors for the insurance problems. Mr. Chamberlin said that they are not. He said that many of the employees realize that the District does not have to provide insurance to the employees at all. Director White said that at the employee meeting, Kris Ward mentioned that the District provides health insurance benefits to its employees but that it is not in the business of providing health insurance to employees' spouses.

A discussion was had on having a special meeting in June to hear presentations from health insurance agents. Mr. Chamberlin was directed to schedule that meeting.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 1:04 p.m.

Respectfully submitted,

  
Secretary

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