

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

December 14, 2004

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on December 14, 2004, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 2:50 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. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on December 7, 2004.

At 2:52 p.m., Director White left the meeting.

MINUTES. The minutes of the meeting of Directors held on November 16, 2004, were mailed to the Directors prior to the meeting. A motion was made by Director Nagaki, seconded by Director Schilling, and unanimously carried approving the minutes as mailed.

OWYHEE IRRIGATION DISTRICT BILLS. Mr. Chamberlin handed out a check register report showing the Owyhee Irrigation District bills needed to be paid. The Directors reviewed the report.

At 2:56 p.m., Director White and the Employee Committee joined the meeting. Mr. Chamberlin said that the transformers are back in and that the repair went well. A motion was made by Director Nagaki, seconded by Director White, and unanimously carried authorizing payment of the bills as listed on the report.

EMPLOYEE GROUP. Curt Acree said that the Employee Committee when back to the employees with the Board's proposal from last month's meeting and a majority of the employees agreed to accept the proposal. President Corn expressed the Board's appreciation for the Committee's dedication and work through the negotiation process.

At 3:04 p.m., the Employee Group left the meeting.

IDAHO POWER CONTRACT REPORT. Mr. Horton reported on a recent negotiation meeting with Idaho Power. He said that most likely the Mitchell Butte amended contract will have different rates than the Tunnel and Dam contracts. He said that Idaho Power was informed that the District would need to stay under the current contract for the next generation season in order to have sufficient funds to make next December's bond payment.

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 November 30, 2004. The Directors reviewed the report. President Corn noted that the December bond payment was made and there is a balance remaining of \$48,952.61.

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

Nichols Accounting Group	\$ 233.00
OWRC	932.00
Riverside Inc.	135.00
Malheur Bell	<u>167.14</u>
Total	\$1,467.14

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

2005 BUDGET. Mr. Chamberlin handed out a revised draft of the budget for 2005. The Directors reviewed the budget as Mr. Chamberlin went through it. Mr. Chamberlin said that he is not sure if a district wide vote will be needed on imposing an account charge. He said that he included a \$1.00 per acre assessment increase for the ring gate. He said that money would be set aside and only used for the ring gate rehab. Mr. Chamberlin said that the District is getting in the hole on equipment. President Corn and Director Schilling noted that part of this reason is that the amounts listed in the budget for depreciation have not been going into an equipment reserve fund.

Mr. Chamberlin said that South Board is setting their assessment at \$38.75 per acre. Mr. Chamberlin's proposed budget with the \$75.00 per account charge would require a \$38.50 per acre assessment. President Corn asked if there are any other money saving ideas which may allow for a lower assessment. The possibility of combining ditch rides was discussed. The need for filling various employee positions was discussed. President Corn asked if there are any stones which have been left unturned. Director White said that if an increase in the assessment is instituted,

the Directors will need to communicate why the increase is needed. Director Ausman said that it has been a terrible year for most farmers. President Corn noted that the lack of excess water income has hurt the District's overall finances the last few years.

Mr. Chamberlin and Mr. Horton were instructed to investigate whether or not a District wide vote would be needed to impose an account charge.

MANAGER'S REPORT.

OWRC Meeting. Mr. Chamberlin reported that the recent OWRC annual meeting went well. He said that Representative Walden was in attendance at the meeting. He said that it appears that there are good things on the horizon for agriculture at the federal level.

Transformers. Mr. Chamberlin said that the transformers are completed and in.

D7 CAT. Mr. Chamberlin said that the D7 CAT is rolling out of its big idler roller on the front end. He also reported that Mr. Saunders who lived on District property near the Dunaway Pumping Plant passed away. He said that Mr. Saunders owns the mobile home which is located on District property. Mr. Saunders lived there in exchange for keeping an eye on the pumping plant.

NEXT MEETING DATE. A discussion was had on the next meeting date for the meeting of the Board of Directors. The consensus of the Board was to have the meeting on January 25.

At 4:30 p.m., Kris Ward left the meeting.

MANAGER CONTRACT. President Corn asked Mr. Chamberlin if he had a proposal on his contract. Mr. Chamberlin said that he realizes that things are tough. He gave the Directors a handout on current District wages. The Board reviewed the wages and a question was raised on the amount listed under salary as it seems too high. A telephone call was made to Kris Ward and she said that the additional amount under wages included unused vacation time.

ATTORNEY RETAINER. President Corn asked Mr. Horton what his firm has planned as an increase in their retainer plan. Mr. Horton said that he anticipates a \$50.00 per month increase in the retainer. He said that there was no increase last year.

EXECUTIVE SESSION. A motion was made by Director Schilling, seconded by Director White, and unanimously carried authorizing the Board to enter into executive session pursuant to ORS 192.660(1)(a) to discuss personnel matters. The Board entered executive session at 4:45 p.m. and Jay Chamberlin left the meeting.

At 5:00 p.m., the Board returned to regular session.

MANAGER CONTRACT. A motion was made by Director White and was seconded by Director Schilling that Mr. Chamberlin be offered a three-year contract effective January 1, 2005, on terms and conditions similar to his prior contract with the following additional changes: Annual wages: 2005 - \$61,200.00; 2006 - \$63,000.00; and 2007 - \$65,400.00; In addition, the District shall fund an HRA in the amount of \$400 per year and will establish a flex account which Mr. Chamberlin may make contributions to. Mr. Chamberlin expressed his appreciation for the proposed contract.

RATIFICATION OF ACTION OF JOINT COMMITTEE. President Corn stated that the actions of the Joint Committee need to be ratified. A motion was made by Director Nagaki, seconded by Director White, and carried unanimously that the recommendations adopted by the Joint Committee at its meeting on December 14, 2004, be approved and ratified.

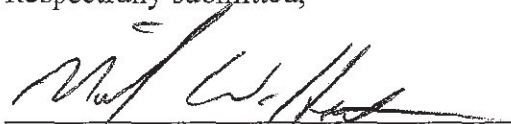
RIGHT-OF-WAYS. Mr. Chamberlin and Mr. Horton gave an update on a couple of right-of-way issues within the District. Mr. Chamberlin explained the situation regarding Delos Lee's property where the District has a right-of-way. He said that in the past, Bob Cruickshank installed a bubbler within the right-of-way and that Mr. Lee is now demanding that the bubbler be removed. Mr. Chamberlin explained that the bubbler is not owned by the District and that he will have Mr. Horton write Mr. Lee's attorney a letter explaining this fact.

Mr. Chamberlin said that Mr. Radke and Mr. Cleaver have approached the District with regard to installing a pipeline with a turnout connected to the drain on the Rock Creek siphon. Mr. Chamberlin said that the District has a right-of-way in that area and that Mr. Radke and Mr. Cleaver have an agreement with the county to lay the pipeline in the county road. This would require a pipe through the District right-of-way of approximately 100 feet. The underlying landowner has denied Mr. Radke and Mr. Cleaver's request to bury the pipeline. Mr. Chamberlin said that the location of the pipeline would be within the District's right-of-way and would be an alternate turnout for the water users. Mr. Chamberlin said that he was unsure as to whether or not the buried pipeline would replace a portion of open lateral ditch. He explained that the Hartley's receive water at the end of the ditch. The Board expressed its desire that Hartleys join in the project so that a portion of the open lateral could be done away with. Mr. Chamberlin said that he would investigate the matter further.

DELINQUENT ACCOUNTS. Director White said that he would like to revisit the status of the delinquent accounts in January.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 5:27 p.m.

Respectfully submitted,


Secretary