

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

February 18, 2003

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on February 18, 2003, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:10 a.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Fred Schilling	Bruce Corn
Jerry Nagaki	Larry White

Mr. Chamberlin said that Director Ausman had to attend a state dairy convention. Also present were: Jay Chamberlin, District Manager; and Michael W. Horton, Secretary and General Counsel.

RESERVOIR STORAGE. Mr. Chamberlin reported that the reservoir storage as of February 18, 2003 is 165,784 acre feet and the storage as of February 18, 2002 was 147,411 acre feet.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on February 10, 2003.

MINUTES. Minutes of the meeting of Directors held on January 21, 2003, had been mailed to each Director prior to the meeting. Jay Chamberlin pointed out that Tom Zittercob negotiating with the Board was a one-time deal. A motion was made by Director Schilling, seconded by Director White, and unanimously carried approving the minutes as mailed.

OWYHEE DAM POWER PLANT

Financial Reports. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project for the period ending January 31, 2003 which had been prepared by Nichols Accounting Group. The financial report was reviewed by the Directors. The financial report for the Owyhee Dam Power Project shows a net loss for the month of January 2003 of \$41,334.37.

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

Grainger Engineering	4,166.67
Grainger Engineering	2,500.00
Grainger Engineering	14,600.00
Nichols Accounting Group	293.00
Dominick's Printing	12.00
Stunz, Fonda law firm	496.10
Ore-Ida Utilities	353.33
AT&T	19.06
Hancock Livestock	89.85
Roadrunner Towing	<u>922.50</u>

Total \$ 23,452.51

President Corn asked about the bills from Grainger Engineering. Mr. Chamberlin said they were for the relays which were changed out. Director White asked about the bill from Hancock Livestock. Mr. Chamberlin said that it was to set up cell phone service through U.S. Cellular and included the first month's service contract, the phone, and a charger. A motion was made by Director Nagaki and seconded by Director White that the accounts payable for the month of February, as listed in the agenda, be paid. The motion passed unanimously.

TUNNEL POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel Power Project for the period ending January 31, 2003 which had been prepared by Nichols Accounting Group. The Directors reviewed the report. The report shows a net loss for the month of January 2003 of \$140,372.98.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable:

Grainger Engineering	4,166.67
Grainger Engineering	2,500.00
Nichols Accounting Group	345.00
Ore-Ida Utilities	234.02
U.S. Cellular	38.54
Malheur Bell	50.11
Tombs Janitorial	<u>78.50</u>

Total \$ 7,412.84

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

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Mitchell Butte Power Project for the month ending January 31, 2003 which was prepared by Nichols Accounting Group. The report was reviewed by the Directors. The report shows a net loss of \$20,153.32 for the month of January, 2003.

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

Grainger Engineering	4,166.66
Grainger Engineering	2,500.00
Nichols Accounting Group	228.00
Stunz Fonda Law Firm	382.55
Malheur Bell	<u>130.72</u>
Total	\$ 7,407.93

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

TERRORISM INSURANCE. Jay Chamberlin stated that Ray Waldo told him that the law requires terrorism insurance and cannot be waived. The terrorism insurance is an additional \$390.00 per year. Michael W. Horton read the coverage statement. Mr. Chamberlin stated that the terrorism warning recently went to code orange and almost went to a code red. Mr. Chamberlin said that since the Owyhee Project is a transferred works, the Bureau is attempting to let it out of some of the security measures that would be required at the federal facilities when alert levels are reached. He gave an example that if the alert went to a code red, the Owyhee Project would lock off access to the Dam. He said that the government officials usually know specifically what the targeted threat is and if this project were targeted, then higher levels of security could be implemented. Mr. Chamberlin said that at lower levels of alert, the museum can remain open and school tours can be continued if they are conducted in a certain way. Security issues at the facility were discussed. Mr. Chamberlin said that at this point, if the level of alert goes to code red, the compound is locked down and 24-7

surveillance is begun. The consensus of the Board was to pay the additional terrorism premium.

WATER RIGHTS APPLICATION. Mr. Horton stated that he, Mr. Chamberlin, and John Ross recently attended a meeting at the Bureau of Reclamation office in Boise. The purpose of the meeting was to discuss the amount of construction charges which the District will be required to pay when the new acres are brought in under the contract. Mr. Horton said that originally, the Bureau quoted Mr. Chamberlin \$150,000 as the construction charges. Mr. Horton said that through negotiations at the meeting, the figure has been lowered to \$50,000. Mr. Horton said that Mr. Ross will be signing an affidavit which will state that the majority of the acres being brought in were improved after 1979. This would mean that the construction charges would only go back to 1979 whereas the Bureau was wanting to have them calculated back to 1951. Mr. Horton said that a letter needs to be written from the District to the Bureau letting the Bureau know how far back the District is willing to go on the construction charges. A motion was made by Director White, seconded by Director Nagaki, and unanimously carried authorizing Mr. Horton to write a letter to the Bureau stating that the District is willing to pay construction charges for the new acres back to 1979.

Mr. Chamberlin explained that the Bureau is still working with the State of Oregon as to how to characterize the winter flows. It may be that the flow requirements will be met by operational spills for stream flow maintenance. Mr. Horton said that he has encouraged the local Bureau officials to continue working with the State of Oregon officials to ensure that the winter releases will be in compliance with Oregon law.

BOARD OF EQUALIZATION. At 11:00 a.m., President Corn announced that this meeting of the Board of Directors of Owyhee Irrigation District is the time and place for the Board to sit as a Board of Equalization for the purpose of reviewing and correcting its list of water charges. Mr. Horton read the Notice of Equalization which had been published in the *Argus Observer* on February 3, 2003. President Corn stated that the assessments will increase to \$35.00 per acre for operation and maintenance, delinquencies in collection, reserves, and administration expenses. President Corn opened the meeting for public comment. No public comment was received and at 11:02 a.m., President Corn closed the meeting to public comment. A motion was made by Director Nagaki, seconded by Director White, and unanimously carried that the Board declare the list of water charges equalized and approved.

WATER FORECAST. Jay Chamberlin passed around a handout which shows the snow water equivalent at 64% of normal. Director Schilling asked Mr. Chamberlin what he can tell patrons who confront him as to how much water can be expected for this irrigation season. Mr. Chamberlin said that all he can tell them is that historically the patrons have had a full allotment. So much depends upon spring weather patterns and summer weather. Mr. Chamberlin noted that last year the patrons received a full allotment with a little over 300,000 acre feet in storage. Mr. Chamberlin said that though the amount of storage is higher than it was at the same time last year, that the snow pack is significantly less. Director Schilling asked when the water was shut off in 1992. Mr. Chamberlin said that he thought it was shut off in September. The weather during the summer of 1992 was discussed. Mr. Chamberlin said that in 1992, 1 3/4 acre feet of water was delivered. President Corn reiterated that the spring weather is the key. Mr. Chamberlin said that in 1991, storage was at 221,000 acre feet and that 3³/₄ acres of water was delivered. Supplementing deliveries through pumping was discussed. President Corn asked about Owyhee Ditch Company's storage. Their storage and use were discussed.

INTER-DISTRICT WATER TRANSFERS. Director Schilling asked Mr. Chamberlin what the District's position will be on allowing inter-district water transfers. Mr. Chamberlin said that there is currently legislation pending which would allow the District to allow transfers within the District without having to obtain prior state approval. He said that the legislation would make the District one of three districts in the state authorized to do so. He said that it would be a demo project which would last a couple of years.

OWRC MEETING. Mr. Chamberlin said that OWRC will be meeting with the Commissioner of the Bureau of Reclamation in Salem and has arranged for one-on-one meetings with the Commissioner. Meetings with legislators are also scheduled along with a seminar on the Clean Water Act. Mr. Chamberlin asked the Board members to consider attending. President Corn said that he will attend. President Corn said that there are other meetings which Board members need to attend. One such meeting is with the Nyssa Arcadia Drainage District. Director Schilling volunteered to attend that meeting. Another meeting is with the Owyhee Ditch Company. Director Nagaki volunteered to attend that meeting.

RETIREMENT DINNER. Mr. Chamberlin said that the annual employee retirement dinner is scheduled for February 27th at 7:00 p.m.

VEHICLE PURCHASES. Jay Chamberlin stated that Director Schilling was right regarding the need for additional funds for the purchase of the pickups. A 1999 Tahoe was purchased for Tom Zittercob for \$16,000, a 2000 3/4 ton pickup was purchased for the Ontario Foreman for \$16,000. One more 3/4 ton pickup can be purchased and he still needs a pickup for the Nyssa Foreman. Jay Chamberlin stated that an additional \$8,000 is needed above the amount approved at last month's meeting. The budget for the District was discussed. A motion was made by Director White, seconded by Director Nagaki, and unanimously carried approving an additional \$8,000 for the purchase of vehicles. The motion passed unanimously.

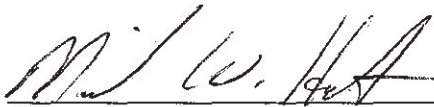
EMPLOYEE INTERVIEWS. Jay Chamberlin said he has interviewed all but two of the District employees. He said that it was more difficult addressing work performance this year than last year. He stated that the District is having an employee meeting later today. He explained that general issues will be discussed with the employees and explained other rules that he will be implementing. He said that he is still working on the District policies.

Director White asked about the delinquent accounts. Mr. Chamberlin said he will be checking delinquent accounts in the next couple of months and will report back to the Board.

President Corn asked Mr. Chamberlin how the pipeline projects are coming. Mr. Chamberlin said that he has been overwhelmed with a number of different projects. The pipeline projects were discussed.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned by President Corn at 12:17 p.m.

Respectfully submitted,


Secretary

APPROVED: _____