

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

August 26, 2008

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on August 26, 2008, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:00 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; Peter Nichols, CPA; J.L. Eldred, District Watermaster; Mr. and Mrs. John Hendricks, District Patrons; Terry Case, District Employee; and Carl Morton, District Employee who joined the meeting at 8:16 p.m.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on August 20, 2008.

MINUTES. The minutes of the regular meeting of the Board of Directors held on July 22, 2008, were read by Mr. Horton. Director Ausman noted a couple of corrections to the minutes and those corrections were made. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried approving the minutes as amended.

JOHN HENDRICKS' RIGHT-OF-WAY ISSUE. Mr. Hendricks said that he purchased property a couple of years ago within the District. He said that he has not been able to get water to the property. He presented copies of deeds and maps showing a pipeline and an abandoned lateral. He said that he was unable to get water this spring as Gerrald Baker, who owns the property over which the pipeline which had supplied water to his property runs, blocked off the water. Mr. Hendricks asked when he can begin getting water. The maps and deeds were reviewed and discussed. Mr. Hendricks asked if the District could get water to him a different way than through the pipeline which had previously been servicing the property. Mr. Horton said that the easements will need to be research. Mr. Hendricks said that he would be willing to pipe the upper part of the old abandoned ditch. The Directors expressed their sympathy for Mr. Hendricks' situation. Mr. Horton said that he will research the matter and get back with him. At 8:40 p.m., Mr. and Mrs. Hendricks left the meeting.

IDAHO POWER OVERPAYMENT. Peter Nichols said that he has completed his research on the alleged Idaho Power overpayment. He said that he believes Idaho Power was correct and that there was an overpayment for the Owyhee Dam power generation. He said that he went back and reviewed a letter agreement between Gene Stunz and Jim Ferrere of Idaho Power which sets out the payments. He said that he will visit further with Mr. Stunz. Mr. Horton said that it was his understanding that the letter agreement actually set a higher rate for Mitchell Butte Power Plant because of the date it went online.

OWYHEE IRRIGATION DISTRICT FINANCIAL STATEMENT. Mr. Nichols presented and went through the District financial statement. The statement shows a budget to actual income and expenses comparison. The Directors reviewed the financial statement. Mr. Nichols said that he is not sure if the ring gate reimbursement payment has come in yet. Mr. Chamberlin said that he will check on that. Mr. Nichols noted that the expenditures are about three percent over budget. He said that payroll expenses are a factor in that. When the budget was completed, it was based on monthly payroll payments instead of the actual bi-weekly payments. J.L. Eldred advised Mr. Nichols what items might be included in the financial statement in order to help him do his job. Mr. Nichols said that he will try to generate a report which will provide information which staff needs. He said that he will present a preliminary budget in October. Mr. Chamberlin said that the problem has been that the budget year and timing of revenues do not line up and that most of the District's revenues are received in May. Mr. Nichols explained that operating reserves have been set aside for that purpose. At 9:06 p.m., Peter Nichols left the 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. Mr. Chamberlin said that there was not a major problem with the unit at Mitchell Butte and that both units are now running. He said that he does not anticipate major O&M work at Mitchell Butte this off season.

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

Malheur Bell	\$219.50
Riverside Inc.	120.00
Nichols Accounting	<u>75.00</u>
Total	\$414.50

A motion was made by Director Ausman, seconded by Director Sisson, 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 July 31, 2008.

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

AT&T	\$17.90
Oregon Idaho Utilities	324.18
Stunz, Fonda, Kiyuna & Horton, LLP	192.48
U.S. Cellular	43.49
Nichols Account	<u>303.00</u>
Total	\$881.05

A motion was made by Director Ausman 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 July 31, 2008. The Directors reviewed the report.

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

AT&T	\$1.85
Oregon Idaho Utilities	316.68
Nichols Accounting	<u>383.00</u>
Total	\$701.53

A motion was made by Director Nagaki 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. A vote was had on the motion which passed unanimously.

JOHN HENDRICKS DISCUSSION CONTINUED. Mr. Chamberlin said that he has met with Mr. Baker a number of times with regard to Mr. Hendricks' issue and has not received any cooperation. The issue was discussed. Mr. Horton was directed to research the matter further and advise Mr. Hendricks accordingly. The need for a checklist for proposed subdivisions to insure that easements are in place was discussed. Mr. Chamberlin said that he will work on the matter.

A motion was made by Director Tschida, seconded by Director Sisson, and unanimously carried adopting the following resolution:

RESOLVED that Owyhee Irrigation District will not agree to any proposed subdivisions without owner easements in place for all parcels affected by the proposed subdivision to get irrigation water from the main canal.

DRUG TESTING FOR DISTRICT EMPLOYEES. Mr. Chamberlin said that he attended a program on drug testing through Special Districts. He said that District policies provide that the District is a drug-free work place, but that there is no testing program in place. He said that he will be working on implementing a testing program.

OLD ONTARIO DUMP SITE CANAL LINER. Mr. Chamberlin said that the District has received a grant to pay for half of the canal liner at the old Ontario dump site. Mr. Chamberlin explained the history on the site. He said that he is planning on installing the lining this fall. He said that Mr. Wilson is to share in the costs.

DITCH BREAK. Mr. Chamberlin reported that a lateral near Adrian broke over the weekend. He said that a hay and corn field got wet. Mr. Case said that it did not take long to repair the break. He said that the North Canal also had a leak which was repaired in another place. Mr. Case said that the repair was done with bentonite and that more bentonite work will need to be done this fall. Mr. Chamberlin said that the District cannot afford to install a liner in this area.

GRAHAM DELINQUENT ACCOUNT. Mr. Chamberlin reported that the Grahams have paid their dad's account in full.

MOSS CONTROL CHEMICAL. Mr. Chamberlin said that as of August 1st, the cost of the moss control chemical went up by 15%. He said that this will impact the District next year. He then explained the issues which the moss control chemical company is having with EPA. Mr. Eldred said that the District is holding off a week on chemical application in order to help save some product.

LARSON SELECT ONION PIPELINE. Director Tschida said that Larry White wants to be on the agenda for next month's meeting in order to discuss the Larson issue. Mr. Chamberlin said that a proposed agreement with Larson has been submitted to him. Director Tschida suggested that a larger pipe may need to be installed at Larson's.

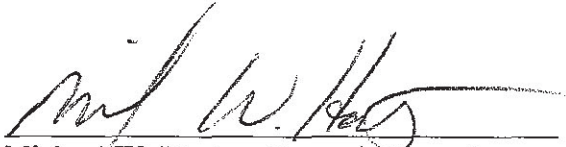
EXECUTIVE SESSION. Mr. Horton said that an executive session is needed to discuss personnel matters pursuant to ORS 192.660(2)(b). At 10:14 p.m., the Board entered executive session and J.L. Eldred, Terry Case, and Carl Morton left the meeting.

At 10:55 p.m., the Board returned to regular session.

ROBERT SELLERS' INVESTIGATION. A motion was made by Director Sisson, seconded by Director Ausman, and unanimously carried that since the investigator has found no merit to the allegations of Robert Sellers raised at the June meeting of the Board of Directors, that the Board determines that there is no merit to the allegations and that the Board will not implement the requests of Mr. Sellers which he made at the June meeting of the Board of Directors. Mr. Horton was directed to notify Mr. Sellers of the Board's decision.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 11:00 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____