

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

September 27, 2005

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on September 27, 2005, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 7:38 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki
Bruce Corn

Larry White
Frank Ausman

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

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on September 21, 2005.

EXECUTIVE SESSION. Mr. Horton stated that two tort claim notices have been received and that the Board needs to enter executive session to discuss potential litigation. President Corn stated that the Board would enter executive session pursuant to ORS 192.660 (1)(h). The Board entered executive session at 7:38 p.m.

The Board returned to regular session at 7:59 p.m.

MEETING RECESSED. At 8:00 p.m., President Corn declared the meeting in recess.

MEETING RECONVENED. At 10:30 p.m., the meeting of the Board of Directors of the Owyhee Irrigation District was reconvened. Directors present were Bruce Corn, Jerry Nagaki, Larry White, and Frank Ausman. Also present were Jay Chamberlin, District Manager; Michael W. Horton, Secretary and General Counsel; Carl Morton, Terry Case, and Cliff Sebasto, District employees.

MINUTES. The minutes of the regular meeting of Directors held on August 16, 2005, were mailed to the Directors prior to the meeting. A motion was made by Director White, seconded by Director Nagaki, and unanimously carried approving the minutes as mailed.

OWYHEE IRRIGATION DISTRICT BILLS. Mr. Chamberlin presented a check register report showing the Owyhee Irrigation District bills. The Directors reviewed the report. A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried ratifying and authorizing payment of the bills as presented.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Horton handed out a financial report prepared by Peter Nichols on the Mitchell Butte Power Project for the period ending August 31, 2005. The Directors reviewed the report. President Corn asked if there will be enough money to make the final Mitchell Butte bond payment. Mr. Chamberlin said that he believes there will be but that it will be close. He said that problems with the lower wicket gate on Unit #2 have hurt power production.

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

Field Waldo Insurance	\$18,872.00
Bledsoe & Bledsoe	1,865.00
Nichols Accounting Group	\$233.00
AT&T	25.59
Malheur Bell	<u>233.85</u>
Total	\$21,229.44

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

EXCAVATOR BIDS. Mr. Chamberlin said that now is the time to open bids for a new excavator. He said that he received six bids. President Corn then proceeded to open each bid and identify the bidder, the bid amount, and the brand of excavator. After reviewing the bids, it appears as if the bid from Western States Equipment in the sum of \$149,788 is the lowest bid which meets the bid requirements. The consensus of the Board is that the bid from Idaho Tractor Company in the amount of \$143,700 failed to include the requested warranty information. In addition, the Western States Equipment bid includes a guaranty buyback of the excavator at the end of five years. A motion was made by Director Ausman and seconded by Director White awarding the bid to Western States Equipment subject to the review of the District manager that the bid fully meets the specifications and the bid of Idaho Tractor Company is rejected for failing to provide warranty information. The motion passed unanimously.

At 11:04 p.m., Carl Morton and Terry Case left the meeting.

PURCHASE OF WRECKED EXCAVATOR. Mr. Chamberlin said that the District should be getting a check in the sum of \$74,000 for the wrecked excavator. He said that the insurance company is willing to sell the damaged machine back to the District for \$8,000. Cliff Sebasto said that the District could use the damaged excavator by making a few simple repairs and then see what happens. President Corn asked Mr. Sebasto what the cost would be for various excavator parts should they need to be replaced. Mr. Sebasto said that it would be his plan to just put some oil in the machine and try to get it to run. He said that if other parts are needed that it should be able to be a usable machine for under \$50,000. Mr. Chamberlin said that the machine could be used as a backup machine and the plan would be to get it and see if it could be made to run and if not, to sell it for scrap. A motion was made by Director Ausman and seconded by Director White to make an offer to the insurance company to purchase the damaged excavator for \$5,000. The motion passed unanimously.


2004 AUDIT. Mr. Chamberlin handed out the audit for the year 2004 which was prepared by Bledsoe & Bledsoe. He asked the Board members to review the audit and be prepared to discuss it at the next Board meeting.

DATE OF NEXT BOARD MEETING. Mr. Chamberlin said that he and Mr. Horton will be out of town attending a water meeting on the date normally scheduled for the regular Board meeting. He suggested scheduling the meeting a week later. The consensus of the Board is to have the next meeting of the Board of Directors of the Owyhee Irrigation District on October 25, 2005.

DIRECTOR POSITION. President Corn asked how much longer Director Schilling will be remaining on as a Director. Mr. Horton said that he spoke with Director Schilling and Director Schilling informed him that he plans on maintaining his Oregon residency at least through the end of October. Mr. Horton said that Director Schilling was unable to attend tonight's meeting because he is having surgery on his knee. President Corn asked if Curt Sisson is still interested in being appointed to fill Director Schilling's position should Director Schilling resign. The Board discussed the fact that any interested parties should attend the October Board meeting.

ADJOURNMENT. Director White made a motion to adjourn the meeting which was seconded by Director Nagaki and unanimously carried, whereby President Corn declared the meeting adjourned at 11:25 p.m.

Respectfully submitted,


Secretary

APPROVED: _____