

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

May 20, 2003

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on May 20, 2003, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:30 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Fred Schilling	Bruce Corn
Frank Ausman	Larry White
Jerry Nagaki	

Also present were: Jay Chamberlin, District Manager; Peter Nichols; CPA Nichols Accounting Group; Tom Zittercob, Hydroelectric Supervisor; 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 May 13, 2003.

MINUTES. Minutes of the meeting of Directors held on April 8, 2003, had been mailed to each Director prior to the meeting. A motion was made by Director Schilling, seconded by Director White, and unanimously carried approving the minutes as mailed.

RECOMMENDATIONS OF THE JOINT COMMITTEE. President Corn stated that the actions of the Joint Committee need to be ratified. A motion was made by Director Schilling, seconded by Director Ausman, and carried unanimously that the recommendations adopted by the Joint Committee at its meeting on May 20, 2003 pertaining to the following items be approved and the officers of the Owyhee Irrigation District be directed to execute the documents necessary to carry out the recommendations of the Joint Committee, and further, that the staff, including the Project Manager of the Hydro Project, be directed to carry out the steps necessary to perform under the motions adopted by the Joint Committee: 1) authorizing the payment of accounts payable, 2) setting water allotment at 2.2 acre feet.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Peter Nichols handed out the financial report for the Mitchell Butte Power Project for the period ending April 30, 2003. He went through the report item by item. The report shows a year-to-date loss for the project of \$67,010.55.

The bond payments due for the project were discussed. Mr. Nichols said that there will be a payment of approximately \$300,000 due in December. President Corn asked if the Power Plant had been started up yet for the season. Mr. Zittercob said that it was just started up and is currently running at 600 kilowatts.

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

Stunz Fonda Law Firm	54.00
Nichols Accounting Group	234.00
Malheur Bell	<u>131.94</u>
Total	\$ 419.94

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

The power production outlook for Mitchell Butte was discussed. Mr. Zittercob gave his estimates on the anticipated power generation for the season. President Corn questioned how the upcoming bond payments will be made with the power income going down.

HISTORY BOOK. Mr. Chamberlin stated that he spoke with Gene Stunz who asked him to let the Board know that the history book will be ready June 1.

SURPLUS PROPERTY. Mr. Chamberlin read from a list of proposed surplus property which included equipment, parts, and vehicles. Mr. Chamberlin said that these need to be sold at auction. A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried declaring the property as surplus property and authorizing it to be sold at auction.

AUTOMATION UPDATE. Mr. Chamberlin said that those sites being automated throughout the District will be online around the first of June. Mr. Corn said that he visited one of the sites

and that it really looks good and seems to be working well. He said that the District needs to consider automating many other sites.

WATERSHED FIELD TRIP. Mr. Chamberlin said that there were over 200 fifth graders in attendance up at the park at the dam. He said the children were taught about the Owyhee Watershed. He said that it is a good program which seemed to be enjoyed by everyone involved.

ONTARIO CHAMBER OF COMMERCE DAY. Mr. Chamberlin said that the Ontario Chamber of Commerce will be having a tour of the dam and hydroelectric facilities on June 6.

MANAGER'S REPORT. Mr. Chamberlin reported that the pumping plants are operating well. He said that the power scheduling has also gone well. President Corn asked if the situation with water users on the Kingman Pump is working out okay. Mr. Chamberlin said that one of the water users involved in the situation reported to him that the water in his weir is not fluctuating as it use to and so things are working out fairly well there. Mr. Chamberlin did explain some situations throughout the District where water users are feuding amongst themselves during this short water year. Water usage throughout the District was discussed.

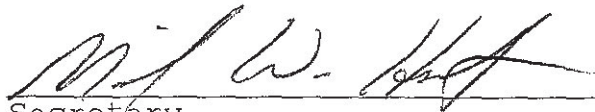
STATE WATER RIGHTS APPLICATION. Mr. Horton gave an update on the status of the Water Rights Application. He said that the application needs to be assigned to the Bureau of Reclamation in trust for the water users in the District. He said that in order to assign the application, all of the water users affected must be notified. Mr. Horton said that he is working with District staff in getting that accomplished. Mr. Horton further reported that the boundary for the District needs to be redrawn according to the Bureau. He has received information from the Bureau and is in the process in working with District staff in notifying those affected landowners to see if they are interested in petitioning to come in to the District. He said that those landowners' lands have already been identified in the State Water Rights Application.

CHEMICAL APPLICATION PERMIT. Mr. Horton stated that he and Mr. Chamberlin met with biologists from a company which has taken over for Ogden Environmental which provided an Environmental Impact Statement for the District earlier. A biologist's opinion is needed in order to complete a fish study in compliance with the DEQ Chemical Application Permit.

EMPLOYEE SITUATION. Mr. Chamberlin said that changes in the State of Oregon's Public Employee Retirement System may cause some employee's to retire early. He said that he is currently looking at adding a part-time staff position to help out in the District office.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned by President Corn at 9:28 p.m.

Respectfully submitted,


Secretary

APPROVED: _____