

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

May 25, 2010

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on May 25, 2010, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:55 p.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Dan Tschida	Jerry Nagaki
Frank Ausman	Eric White
Bruce Corn	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; Harvey Manser, District Assistant Manger; Tom Zittercob, Hydro Operator; and J.L. Eldred, District Watermaster.

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 19, 2010.

MINUTES. The minutes of the April 20, 2010, meeting of the Board of Directors were mailed to the Directors prior to the meeting. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried approving the minutes as mailed.

District Accounts Payable. The accounts payable for the District were reviewed and discussed by the Directors. Director Tschida asked about a bill for tires. Mr. Eldred said that it was for the Ontario end tires, which were bought in bulk. A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried approving payment of the accounts payable as presented.

MITCHELL BUTTE POWER PROJECT.

Financial Report. The financial report for Mitchell Butte Power Project was in the Directors' packets.

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

AT&T	\$ 71.77
Granger Engineering	7,410.00
Riverside Inc.	1,059.02
Qwest	252.91
Bolen's Control	87.17
Nichols Accounting Group	<u>75.00</u>
Total	\$8,955.87

A motion was made by Director Tschida, seconded by Director White, and unanimously carried that all of the listed bills be paid.

Hydro Report. Mr. Zittercob reported that there had been problems at the Mitchell Butte Power Plant. He said that Granger Engineering was going to install capacitors and then found an old \$4,000 bill, but they are not going to charge for it. Mr. Zittercob said that unit #1 was lost on Sunday morning. He said he is not sure what the problem is, but that it does not look good. He said that the option is to pull the unit, which would shut down the plant for a week. He said that if the unit is not pulled, generation will be lost by not having two units running at the end of the season. He said that if the unit is pulled, he would guess that the bill would be around \$90,000. He said that he also is having problems with the head leveling controllers. Mr. Eldred said that he may have some spare controllers that might work. President Corn noted that the District would lose about \$1.00 per acre on the budget. Mr. Zittercob said that the District may be able to pick up an old, used unit which may be similar for approximately \$20,000 to \$30,000. He said that some parts off of that old unit may be able to work on the District's unit. Mr. Zittercob said that he has been looking at the potential of buying new turbines, which would cost between \$500,000 to \$1,000,000. After the matter was discussed, the Board directed Mr. Zittercob to look at the used unit available for sale and to pull unit #1 in June.

At 9:35 p.m., Mr. Zittercob left the meeting.

RIVERSIDE ELECTRIC BILLINGS. Mr. Chamberlin said that he met with Riverside Electric on their billings. He said that the billings and costs on the hydros were a wash. He said on the Dunaway Pumping Plant on the Old Owyhee pump, that the District had \$12,500 into the impeller that would not work and labor of \$6,600. Mr. Eldred said that the new impellers were approximately \$25,000 and that Riverside wrote off the difference on the second pump. Mr. Eldred said that on the third pump, there is still \$45,000 left in the budget to apply towards its cost. He said that the total cost on the third unit will be \$69,900, which still leaves the District about \$30,000 short. He said that the pump is now like brand new and will run for years and years. He said that the motor will need to have a continued maintenance program. He said that Old Owyhee said that they were willing to advance the District the money for the repairs. Director Ausman suggested letting Old Owyhee pay the bill directly and then Old Owyhee having a credit with the District. President Corn said that he would rather have OID pay the bill and ask for the money from Old Owyhee as a loan towards the end of the season if it is needed.

GOPHER REIMBURSEMENT ACCOUNT. Mr. Eldred said that a lot of gopher tails have come in and that \$18,000 has been paid out of the account. He said that there is about \$5,000 left in the account. He thinks that the program is making a difference.

FLETCHER GULCH PIPELINE PROJECT. Mr. Chamberlin said that the grant came in for Fletcher Gulch. He said that the District now needs to pass a resolution and issue a letter of commitment for the USBR grant. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried adopting the following resolution:

RESOLVED, that Owyhee Irrigation District shall apply for the USBR Water SMART Grant for \$300,000 of financial assistance for the Lower Owyhee River Rehabilitation Project; President Bruce Corn is authorized to enter into any required Grant agreement on behalf of the District; the Board of Directors having reviewed the application submitted, supports the

application; Owyhee Irrigation District has the capability to provide the funding and/or in-kind contributions specified in the funding plan; and Owyhee Irrigation District will work with USBR to meet established deadlines for entering into a cooperative agreement.

A motion was made by Director White, seconded by Director Tschida, and unanimously carried authorizing President Corn to sign a letter on behalf of the Board of Directors supporting the funding of the Fletcher Gulch Pipeline Project.

MALHEUR RIVER TMDL. Mr. Chamberlin said that the TMDL for the Malheur River is out and DEQ is seeking public comment. He asked the Board members to review the TMDL and possibly comment on it.

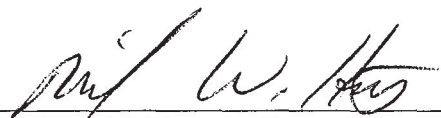
BOARD OF DIRECTOR COMMENTS. Director Tschida asked if Mr. McCreedy should be paid for the work which he has done for the Joint Committee. The matter was discussed. Mr. Chamberlin said that he will talk with the South Board manager about the matter.

MANAGER'S REPORT. Mr. Chamberlin said with the current water situation, there probably will not be any excess water this fall. Mr. Manser said that he checked into an extended warranty on the new backhoe. The proposed warranties and the current financial situation of the District were discussed, including the potential Mitchell Butte power unit costs and the costs for the pump for Owyhee Ditch at Dunaway. Mr. Manser passed out the old Cascade chemical product label.

District billings coming out of the new computer system were discussed. Mr. Eldred said that the District is having issues with some of the water users on pumping and encroachments. Mr. Chamberlin said that the Employee Negotiating Committee may be coming to the Board with a proposal shortly.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 10:40 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____