

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

July 22, 2008

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on July 22, 2008, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 7:49 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; Tom Zittercob, Hydro Electric Manager; and Dave Stevens, Ed Tabor, Todd Elliot, Oregon Department of Energy.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on July 15, 2008.

MINUTES. The minutes of the regular meeting of the Board of Directors held on June 17, 2008, were mailed to the Directors prior to the meeting. A motion was made by Director Sisson, seconded by Director Nagaki, and unanimously carried approving the minutes as mailed.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Mr. Chamberlin said that he will bring a list of accounts payable for this month to next month's meeting.

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.

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

Malheur Bell	\$122.16
Nichols Accounting	<u>75.00</u>
Total	\$197.16

A motion was made by Director Tschida, 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.

MITCHELL BUTTE HYDRO REPORT. Tom Zittercob reported that a butterfly valve did not close after an outage earlier today. He speculates that the drive linkage on one of the units may have broken. He said that the other unit is running and that the one that broke is the one that was not recently worked on. He said that if it is a butterfly valve, that it will not be that hard to fix. Mr. Zittercob said that repairs to the unit will probably have to wait until the end of the season. President Corn asked Mr. Zittercob if he could pencil it out to see if shutting down and repairing the unit would be better financially than running on just one unit the rest of the season. Mr. Zittercob said that he is not sure. He said that he will investigate further. At 8:00 p.m., Tom Zittercob left the meeting.

DELINQUENT ACCOUNT/GREG GRAHAM. Mr. Chamberlin said that Mr. Graham's water bill was delinquent and is one of the ones moving into foreclosure. He said that Mr. Graham recently died and his children have asked if the District would waive some of the interest charges. Mr. Horton said that approximately \$6,400 was owed at the end of 2007 on the account with approximately \$1,900 of that amount being interest. The possibility of writing off some of the interest charges was discussed.

At 8:10 p.m., the Graham family joined the meeting. They said that they want to get the account settled with a payment and about two weeks and the rest of the account paid off in 30 days. They said that they want the on-going interest stopped. Director Ausman said that he may consider making the same offer to the family that was made to Mr. Graham a couple of years ago with regard to writing off some of the interest charges. A discussion on the matter was had and the family said that it may be 60 to 90 days before full payment could be completed. They said that Mr. Graham passed away on June 17, 2008. President Corn said that the District Board will investigate the matter further and at 8:24 p.m., the Graham family, along with the Oregon Department of Energy representatives left the meeting.

Mr. Horton reviewed the old minutes and found where Mr. Graham was offered to have \$500 of the interest charges written off if he were to pay the account in full within 60 days. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried that interest on the account be frozen as of the date of Mr. Graham's death being June 17, 2008, and that \$500 be written off of the interest charges of the account if the account is paid in full within 60 days from today's date. If the account is not paid in full by such date, the interest charges will be reinstated and the \$500 will not be waived.

LARSON SELECT ONION PIPELINE. Mr. Chamberlin said that he received a draft settlement agreement from Dave Phillipi in the mail today. He said that he has not yet had a chance to review it. He said that he will review the agreement and submit it to Mr. Larson. President Corn said that the District needs to go ahead and get the replacement pipeline

purchased. Director Tschida said that Mr. Larson needs to pay for all labor costs and engineering fees which the District incurs in overseeing the pipeline installation. Mr. Chamberlin said that Mr. Larson's onion skins are polluting the canal and plugging it up.

WATER QUALITY AT 43.2. Mr. Chamberlin said that he met with Ron Jones with regard to the cow manure which was getting into the canal at 43.2. Mr. Chamberlin said that the District had to file a formal complaint before Mr. Jones could get involved. He said that the complaint has been filed and an investigation has been started. Mr. Chamberlin said that the state will attempt to work out a solution for keeping manure out of the lateral.

ROAD DISTRICT LAND PROPOSAL. Mr. Chamberlin said that the Road District has agreed to buy the ground near the Ontario shop and give it to the District if the District gives the Road District 5,000 cubic yards of pit run gravel. Mr. Chamberlin said that by trading with the Road District, OID will keep that ground from becoming someone's home site next door to the Ontario shop. A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried that OID acquire the property from trade with the Ontario Road District for 5,000 cubic yards of pit run gravel.

BRIDGE FOR WILLIAMS. Mr. Chamberlin said that there is an old rickety bridge on the North Canal at the end of Klamath Avenue. He said that this may become an issue for the District in the future. He said that the bridge needs to be removed this winter and there was push to have a new bridge installed at that site.

OSU EXPERIMENT STATION-PUMP BACK PROPOSAL. Mr. Chamberlin said that Clint Shock asked him if the District would partner up with the extension station to install a collection pond at the end of the Experiment Station's ground and pump the runoff water from the pond back up for reuse. Clint Shock is applying for a grant and wants the Irrigation District to provide the labor. The matter was discussed and the consensus of the Board is not to get involved in the project.

DITCH BREAKS. Mr. Chamberlin advised the Board of a couple of ditch breaks that happened since the last Board meeting. He passed around pictures of the breaks and explained the repair activities. President Corn asked if one of the areas could be piped and Mr. Chamberlin said that it is too big of an area to be piped.

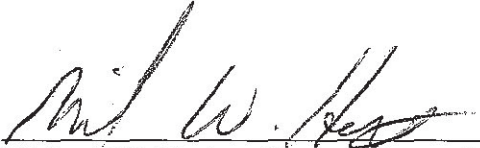
EMPLOYEE INCENTIVE PROGRAMS/DITCHRIDER POLICY. Director Sisson asked if the Employee Incentive Program is working and asked about ditchrider policy. Mr. Chamberlin said that the Incentive Program is working. Ditchrider policies for the District were discussed. Mr. Sisson said that some growers are concerned with ditchriders, but are afraid to call management. Mr. Chamberlin said that management needs to hear the complaints from the water users. Director Sisson said that the District employees need to know that they work for the growers. A lengthy discussion was had on training programs and other ways to deal with ditchrider personnel policy issues.

DISTRICT RIGHT-OF-WAY. A discussion was had on District rights-of-way.

SELLER'S INVESTIGATION. Mr. Horton said that Mr. Padilla's investigation of Mr. Seller's allegations is not yet complete. Mr. Chamberlin said that the Dam operation is running well.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 10:20 p.m.

Respectfully submitted,


Michael W. Horton, General Counsel

APPROVED: _____