

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

May 18, 2004

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on May 18, 2004, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 7:16 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

| | |
|-------------|--------------|
| Larry White | Frank Ausman |
| Bruce Corn | Jerry Nagaki |

Also present were: Jay Chamberlin, District Manager 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 11, 2004.

MINUTES. Minutes of the meeting of Directors held on April 20, 2004, had been mailed to each Director prior to the meeting. A motion was made by Director Ausman, seconded by Director White, and unanimously carried approving the minutes as mailed.

OWYHEE DAM POWER PROJECT.

Financial Report. Jay Chamberlin handed out a financial report prepared by Nichols Accounting Group for the Owyhee Dam Power Project for the period ending April 30, 2004. The Directors reviewed the report. The report shows a net profit for the month of \$94,604.34.

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

| | |
|--------------------------|-----------------|
| Nichols Accounting Group | 303.00 |
| Ore-Ida Utilities | 210.39 |
| Stunz Fonda Law firm | 378.00 |
| Riverside Inc. | <u>3,720.50</u> |
| Total | \$4,611.89 |

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

TUNNEL #1 POWER PROJECT.

Financial Report. Jay Chamberlin handed out a financial report prepared by Nichols Accounting Group for the Tunnel Power Project for the period ending April 30, 2004. The Directors reviewed the report. The report shows total gross generation income of \$108,864 for the month before transformer and line loss, and other expenses.

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

| | |
|--------------------------|---------------|
| Nichols Accounting Group | 383.00 |
| Oregon-Idaho Utilities | 156.86 |
| Quality Electric | 1,943.28 |
| Bolen's Control House | <u>158.66</u> |
| Total | \$2,641.80 |

A motion was made by Director White and seconded by Director Nagaki that the accounts payable for the month of May, as listed in the agenda, be paid. President Corn asked about the Quality Electric bill. Mr. Chamberlin said that it was for fan louvers. A vote on the motion to approve and pay the accounts payable was had and the motion passed unanimously.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Jay Chamberlin handed out a financial report prepared by Nichols Accounting Group for the Mitchell Butte Power Project for the period ending April 30, 2004. The Directors reviewed the report. Mr. Chamberlin said that both units at the plant are still running. The report shows net income for the month of \$35,649.22.

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

| | |
|--------------------------|---------------|
| AT&T (Tom Z) | 22.16 |
| AT&T | 44.28 |
| Nichols Accounting Group | 233.00 |
| Malheur Bell | 121.19 |
| Atlas Polar | <u>112.07</u> |
| Total | \$532.70 |

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

OWYHEE IRRIGATION DISTRICT BILLS. Jay Chamberlin handed out a list of accounts payable for the District which were recently paid. The Directors reviewed the list. President Corn asked Mr. Chamberlin what gas prices are doing to the District's budget and Mr. Chamberlin said that he will be able to tell in a month or two. President Corn asked about a bill for wiring at the dam and Director Ausman asked about the Waterman Industrial bill. Mr. Chamberlin provided information on both bills and said that the bill from Waterman Industrial was for headgates. A motion was made by Director Ausman and seconded by Director Nagaki that the payment of the accounts on the list be approved and ratified. The motion passed unanimously.

IDAHO POWER MEETING. Mr. Chamberlin said that he, Mr. Horton, and Mr. Nichols met with representatives from Idaho Power with regard to the Power Sales Agreements on the Hydro Projects. Mr. Horton said that he was pleased with the direction the meeting took and that Idaho Power appears to be willing to renegotiate the contracts in a way which will be more favorable to the Districts. Mr. Horton gave a report to the Board on the meeting and said that Pete Nichols is now in the process of calculating actual O&M costs for the three power projects and once that is completed, the Board will be asked for its input prior to the next negotiation meeting with Idaho Power.

At 7:50 p.m., J.L. Eldred, District Watermaster, joined the meeting.

A general discussion was had with regard to the Power Sales Agreements with Idaho Power and the potential impact which any changes in those agreements may have on the Districts' loan obligations.

LATERAL BREACH. Mr. Chamberlin said that a flash flood occurred earlier this afternoon and resulted in a lateral being breached at 43.2. He said that silt and loose soil were washed down out of the hills above the lateral. He said that there were some grain fields affected. He said that the District may want to look at placing undershots under the lateral in some of the draws in that area as a way of lessening the impact from flash floods of this sort. J.L. Eldred reported on the specifics of the breach.

NORTH PUMP ISSUES. Mr. Chamberlin said that the North Pump which is located in Ontario services small acres off of Verde Drive. He said that mainly lawns, small gardens, and one small hay field receive water from the pump. He said that one of the water users in that area has voluntarily taken over deliveries coming out of the ditch and that some of the other users are now fighting with him over control. Mr. Chamberlin said that this creates a problem for the District because in the past the District has helped with the installation of pipes. Possible solutions to alleviate the problem were discussed including potential piping. Mr. Chamberlin said that he will be meeting with City of Ontario officials tomorrow with regard to the pump house. Mr. Chamberlin said that District policies need to be put in place to address future subdivisions. He

said that policies are also needed on water measurement because of the increase in the number of pivots and sprinklers being installed throughout the District which are hindering the District's ability to measure water. Mr. Eldred said that new ponds being installed by water users are also becoming a problem.

GOPHER CONTROL DISTRICT MEETING WITH MALHEUR COUNTY COURT.

President Corn reported on a meeting he and Mr. Chamberlin recently attended with the Malheur County Court on the possible formation of a gopher control district. He said that the need for a district was discussed at the meeting but that it all comes down to money. He said it does not look like voters within the County will be willing to vote in favor of creating a district. Mr. Chamberlin said that approximately \$30,000 is spent by the Owyhee Irrigation District annually on manpower and equipment relating to gopher problems. Director White asked Mr. Chamberlin if he has looked into purchasing propane hole blasters which he said work quite well in the spring. Mr. Chamberlin said that he is thinking of having one of the District employees work full-time in the fall just going after gophers. A discussion was had on the District's incentive program for gopher trapping.

WATER DELIVERY. Mr. Chamberlin said that since water was delivered seven days a week last year because of the short water year, some users within the District are expecting that to occur again this year. Mr. Eldred said that deliveries on Saturday are an issue now that some of the ditch riders attempt to go back to a five-day a week delivery schedule. Mr. Eldred said that from Lytle Boulevard up requires a one-day order and from Lytle Boulevard down, it is a two-day order. He said that historically, deliveries have occurred five days a week with some Saturday delivery when there are exceptional circumstances. Current problems on ride six were discussed and Mr. Chamberlin said that since there are 11 different ditch riders, there are 11 different policies for delivering water. He said that he would like to implement District-wide policies on water deliveries. Mr. Eldred said that by not making deliveries on Saturday, it allows a maintenance day which is quite helpful. Director Ausman said that he has heard some users who want the ditch riders to ride ditch on Saturdays. Mr. Chamberlin said that sprinklers and drip systems have changed the demands for deliveries throughout the District. Mr. Eldred said that because this season started out so dry, it was the worst startup since he has been here. Mr. Chamberlin said that this summer he and Mr. Eldred will draft policies for the ditch riders.

WATER FORECAST. Mr. Chamberlin said that if weather conditions remain the same, the water will probably run out the first of October. He said that inflows are lower now than they were last year at this time. He said currently the Rome gauge shows 517 cfs. The reservoir storage levels, as reported on the agenda, are:

May 10, 2004 - 403,145 a.f.

May 10, 2003 - 213,371 a.f.

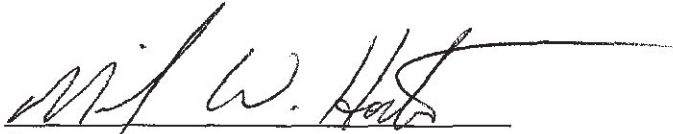
MANAGER'S REPORT. Mr. Chamberlin said that the backhoe bid has been drafted and will be mailed out shortly. He said that next month the employee group will be submitting their

proposal to the Board. He reported that the Bureau dam tender training went really well. He further reported that he recently attended an OWRC meeting and OWRC is working on the ownership bill which will most likely come up again in this next legislative session.

Mr. Chamberlin reminded the Board members that the National Delegation Tour will be held at the dam on July 1 and he said that he would like the Board members to attend if they can. Mr. Chamberlin gave a handout which discussed the Bush administration's policy on wild and hatchery salmon.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned by President Corn at 9:30 p.m.

Respectfully submitted,



Secretary

APPROVED: _____