

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

June 17, 2008

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on June 17, 2008, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:05 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; J.L. Eldred, OID Watermaster; Rob Sellers, OID Dam Employee; Terry Case, OID Foreman; and Chuck Pike, OID Employee.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on June 11, 2008.

MINUTES. The minutes of the regular meeting of the Board of Directors held on May 20, 2008, were mailed to the Directors prior to the meeting. A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried approving the minutes as mailed.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Mr. Chamberlin said that a list of the District accounts payable is in the Director packets. The Directors reviewed the list and discussed the accounts payable. Director Tschida asked about the cost of a filter as listed on the accounts payable which was purchased from NAPA. A discussion on the cost of the filter and the fact that it may have been for a case of filters was had. Mr. Chamberlin said that he will check into the matter further and report back to the Board.

Mr. Chamberlin said that the Board of Directors should see the audit next month. He said that the cost for preventive maintenance on a pump at Dead Ox is on the accounts payable. J.L. Eldred explained the preventive maintenance program for the Dead Ox pumps. A motion was made by Director Ausman, seconded by Director Sisson, and unanimously carried authorizing payment of the accounts payable.

MITCHELL BUTTE POWER PLANT. Tom Zittercob reported that the Mitchell Butte Power Plant has been working really well.

MITCHELL BUTTE 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.

MITCHELL BUTTE ACCOUNTS PAYABLE. A list of the Mitchell Butte Hydro Project accounts payable were listed on the agenda. The Directors reviewed the accounts which are as follows:

|                    |              |
|--------------------|--------------|
| Malheur Bell       | \$118.86     |
| AT&T               | 60.18        |
| Nichols Accounting | <u>75.00</u> |
| Total              | \$254.04     |

A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried authorizing payment of the Mitchell Butte Hydro Project accounts payable.

ONTARIO ROAD DISTRICT PROPOSAL. Mr. Chamberlin said that the Ontario Road District wants to buy property by the District's Ontario shop and then trade it to the District for 10,000 yards of pit-run gravel. He said that they also want to trade a dump truck for some pit-run gravel. The matter was discussed. After discussion, it was the consensus of the Directors to have Mr. Chamberlin negotiate some more with the Road District to see if it will go for trading the property and the dump truck for the 10,000 yards of pit run gravel.

SELECT ONION PIPELINE. Mr. Chamberlin said that he had hoped to have a draft agreement on the Select Onion pipeline for the Board's approval tonight. He said that David Phillipi, attorney is drafting the agreement. Mr. Eldred said that the water users below the pipeline are getting water and he has not heard any complaints. Mr. Chamberlin said that he hopes to have an agreement for the Board to review at next month's meeting.

WATER QUALITY ISSUES AT 43.2. Mr. Chamberlin said that there is a cow feeding operation above the canal during winter months above 43.2. He said that winds have blown manure and straw into the canal and have blocked bubblers. He said that there is a real water quality issue. The matter was discussed. Mr. Chamberlin said that the District is almost to the point that it will have to fence cattle off of the canals throughout the entire project. Director Ausman said that Mr. Chamberlin needs to talk to Ron Jones who is in charge of confined animals. Director Tschida asked if the lateral in the area could be piped. Mr. Chamberlin said that he will speak with Ron Jones and advise him of the situation.

ROB SELLERS. Mr. Sellers said that he would like to address the Board with regard to his employment situation. Mr. Horton asked him if he wants to have the discussion be in open session or in executive session. Mr. Sellers said that he would prefer an executive session.

EXECUTIVE SESSION. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried that the Board enter executive session pursuant to ORS 192.660(2)(b) to discuss a personnel matter. At 8:35 p.m., the Board entered executive session and Tom Zittercob, J.L. Eldred, Terry Case, and Chuck Pike left the meeting.

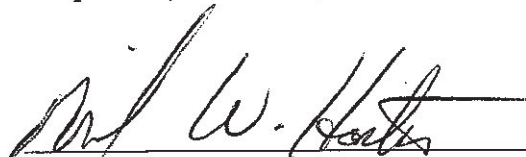
At 9:35 p.m., the Board returned to regular session.

ROB SELLERS' INVESTIGATION. A motion was made by Director Ausman, seconded by Director Sisson, and unanimously carried that Owyhee Irrigation District hire an independent investigator to check into allegations raised by Rob Sellers and that the Board receive a report from the investigator before taking any action on the demands made by Rob Sellers. The Board members expressed their desire that they not be sent email information directly from Mr. Sellers, but that employee communication to the Board members go through the District office.

DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out a financial report for the District prepared by Nichols Accounting Group for the period ending May 31, 2008. Mr. Chamberlin said that Peter Nichols has been gone and is now back in town and will be sitting down with Mr. Chamberlin to get the financial report more up to date. Mr. Chamberlin said that Malheur County has rented the District's mowers and a discussion on the mowers was had.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 10:05 p.m.

Respectfully submitted,

  
Michael W. Horton, General Counsel

APPROVED: \_\_\_\_\_