

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

February 12, 2008

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on February 12, 2008, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:00 a.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Frank Ausman	Jerry Nagaki
Bruce Corn	Dan Tschida
Curt Sisson	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; and J.L. Eldred, OID Watermaster.

MEETING NOTICE. Mr. Chamberlin said that proper notice of the meeting was given to the news media.

MINUTES. The minutes of the regular meeting of the Board of Directors held on December 18, 2007, 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.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin said that the financial report for this month is not completed yet. He said that the computers are unplugged with the office being refurbished. President Corn asked when the money from the Mitchell Butte Power Project might be transferred to Owyhee Irrigation District.

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

WRD	\$932.00
Nichols Accounting	75.00
Special Districts	<u>255.00</u>
Total	\$1,262.00

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

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report prepared by Nichols Accounting Group on the Tunnel #1 Power Project for the period ending January 31, 2008. The Directors reviewed the report.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable for the Tunnel #1 Power Project:

WRD	\$3,758.09
Nichols Accounting	766.00
Special Districts	<u>255.00</u>
Total	\$4,779.09

Director Ausman asked about the WRD and Special Districts' bills. Mr. Chamberlin said that he believes that those are charges for state water rights and insurance premiums. He said that he will check into it and provide an explanation at next month's meeting. A motion was made by Director Ausman and was seconded by Director Sisson that the accounts payable for the month for the Tunnel #1 Power Project, as listed in the agenda, be paid. A vote was had on the motion which passed unanimously.

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin passed out a financial report on the Owyhee Dam Power Project prepared by Nichols Accounting Group for the month ending January 31, 2008.

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

AT&T	\$30.05
Special Districts	255.00
WRD	2,220.32
Nichols Accounting	303.00
Stunz Fonda, Kiyuna & Horton, LLP	<u>210.00</u>
Total	\$3,018.37

Director Tschida asked about the line repair and replacement account. Director Ausman said that he noticed one power pole was leaning pretty bad by Ivanhoe Road. Mr. Chamberlin said that he will have someone take a look at that. Mr. Chamberlin said that he has spoken with Dave Stevens at the state and he has agreed that a portion of the elevator repairs can be paid from the Dam Repair and Replacement Account. A discussion on power pole maintenance was had.

A motion was made by Director Tschida and was seconded by Director Nagaki that the accounts payable for the month for the Owyhee Dam Power Project, as listed in the agenda, be paid. The motion passed unanimously.

DISTRICT ACCOUNTS PAYABLE. Mr. Chamberlin said that he does not have a list of the accounts payable yet. President Corn said that the Directors will have two months of accounts to approve in March.

2008 BUDGET. Mr. Chamberlin said that he has worked with Nichols Accounting Group on the latest draft of the budget. He handed out the proposed budget and the budget was discussed in detail by the Directors. Areas in the budget which have been cut were discussed. Mr. Chamberlin said that there can be some additional savings in the budget by cutting back some of the staffing at the pumping plants during the summer. He said that he could get by with a \$3.00 increase in the annual incurred charges and that he could work with a \$45.00 annual incurred charge.

ELEVATOR AT DAM. J.L. Eldred said that the problem with the elevator at the Dam seems to be in the inner door switches. He said that Riverside Electric is doing repairs. He said that it sounds like the elevator can be up and running with not a lot of costs, but that some day the elevator will need to be looked at. Mr. Chamberlin said that he would still like to do an RFP, but that he believes Riverside Electric can do the emergency repairs to keep the elevator working in a safe manner. President Corn reminded Mr. Chamberlin that the elevator repairs should be charged 50% to the Hydros.

INCURRED CHARGES. The process for setting incurred charges and adopting the budget were discussed. Director Nagaki said that he would like to try to build up the reserves. A discussion was had on reserves. The Directors reiterated their position that the reserve accounts need to be broken down. The Directors asked for a report on the current cash assets of the District. J.L. Eldred left the meeting to obtain information from the District office on the current cash assets. The lack of cash flow from January 1 until the incurred charges are received from water users was discussed.

SNOW WATER REPORT. Mr. Chamberlin passed around handouts on the current snow pack and stream flows. The Directors reviewed the reports. Mr. Chamberlin said that he does not expect to have to spill water this spring. He said that he will fly the snow course at the end of the month.

ADRIAN SHORTLINE PROPERTIES, LLC. Mr. Chamberlin said that a group of landowners has formed an LLC with the intent to acquire the railroad right of way from Union Pacific. He said that the Bureau of Reclamation and Owyhee Irrigation District owns some ground along the railroad right of way. He said that the LLC's intent is to acquire the right of way and then distribute it back to the adjoining landowners.

INCURRED CHARGES IN BUDGET. Mr. Eldred returned to the meeting and reported that the current cash balance as of today is approximately \$900,000. The Directors discussed the fact that money will be very tight between now and when the annual incurred charges are received. The need to increase reserves was discussed. Mr. Horton said that the Board could go ahead and set the annual incurred charges today and then adopt the budget at next month's meeting. A motion was made by Director Sisson, seconded by Director Ausman, and unanimously carried that the following resolutions be adopted:

RESOLVED, that incurred charges for the 2008 irrigation season be set at \$47.00 per acre for operation and maintenance, delinquencies and collection, Gopher Bounty Program, reserves, and administration expenses and such charges are due and payable April 15, 2008, and if not paid by such date, such charges shall be delinquent.

FURTHER RESOLVED, that of the \$47.00 per acre incurred charge, \$2.00 shall be allocated to operating reserves and \$45.00 shall be allocated to the budgeted items which includes a 25¢ per acre charge for the Gopher Bounty Program.

SMALL ACCOUNT SURCHARGE. Mr. Chamberlin said that the administrative costs for the small accounts have increased by 15% over the last year. A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried adopting the following resolution:

RESOLVED, that a \$62.50 service charge be imposed on subdivided and small tract lands within the District in addition to the annual incurred charges.

ZITTERCOB CONTRACT. Mr. Zittercob's contract proposal was discussed. Mr. Chamberlin said that Mr. Zittercob's request for additional time off is okay with him. A motion was made by Director Tschida, seconded by Director Sisson, and unanimously carried authorizing a three-year employment contract with Mr. Zittercob containing the same terms and conditions as his previous contract with changes to the vacation time, accrued sick leave, HRA contribution, and salary with the salary to be set for 2008 having the same increase as the average dollar increase for all District employees for 2008, excluding Jay Chamberlin's salary, and for 2009 and 2010, the salary shall increase 1% each year with an additional 1% possible increase based upon job performance as determined by the District Manager.

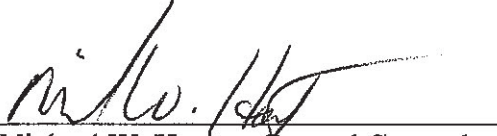
HYDRO COSTS. President Corn said that Mr. Zittercob's salary and costs should be pulled from the Hydro Project accounts on a monthly basis. A motion was made by Director Tschida and seconded by Director Ausman adopting the following resolution:

RESOLVED, that Owyhee Irrigation District shall bill the Hydro Projects on a monthly basis and extraordinary expenses such as, but not limited to, elevator costs, ring gate costs, and other expenses associated with the Hydroelectric Projects and the Dam shall be billed at the time of receipt of a bill for the services by Owyhee Irrigation District.

RAILROAD RIGHT OF WAY (Continued). Discussion on the railroad right of way continued. President Corn said that Owyhee Ditch Company should share in the expense of acquiring the property.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 12:47 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____