

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

October 25, 2005

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on October 25, 2005, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 9:09 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Larry White
Bruce Corn	Frank Ausman
Fred Schilling	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Secretary and General Counsel; Curt Sisson and Rick Olsen, OID Patrons; and Tom Zittercob, Hydro Electric Supervisor.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on October 18, 2005.

MINUTES. The minutes of the regular meeting of Directors held on September 18, 2005, were mailed to the Directors prior to the meeting. A motion was made by Director Ausman, seconded by Director White, and unanimously carried approving the minutes as mailed.

OWYHEE IRRIGATION DISTRICT BILLS. Mr. Chamberlin presented a check register report showing the Owyhee Irrigation District bills. The Directors reviewed the report. A motion was made by Director White, seconded by Director Nagaki, and unanimously carried authorizing payment of the bills as presented.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Jay Chamberlin handed out a financial report prepared by Peter Nichols on the Mitchell Butte Power Project for the period ending September 30, 2005. The Directors reviewed the report. President Corn asked if there will be enough money to make the final Mitchell Butte bond payment. Mr. Chamberlin said that there will be enough. He passed around a handout showing the current balances in the Mitchell Butte accounts.

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

FERC	\$2,542.61
Nichols Accounting Group	233.00
AT&T	<u>24.55</u>
Total	\$2,800.16

A motion was made by Director Schilling and was seconded by Director Ausman that the accounts, as listed in the agenda, be paid subject to the FERC account being adjusted after Mr. Chamberlin clarifies the amounts with Peter Nichols. The motion passed unanimously.

DIRECTOR POSITIONS. Director Schilling announced that he is going to resign from the Board after tonight's meeting. Mr. Horton explained that after Director Schilling resigns and his position on the Board becomes vacant, the Directors are to then appoint an individual to represent his division as a Director and complete the remainder of his term. Mr. Horton said that Director Schilling's term expires January 2007 and an election for that position would be held in November of 2006. Mr. Horton explained that the petitions for the November 2006 election will be available in late September and if more than one candidate files a petition for the position, an election is then held. He said that if only one candidate files a petition, then no election is held and that candidate is deemed duly elected.

Curt Sisson and Rick Olsen both expressed their interest in the vacancy which will be created upon Director Schilling's resignation. Mr. Horton suggested that the interested candidates submit resumes to the Board of Directors prior to next month's meeting. Mr. Horton said that the Directors can then vote to fill the position at next month's meeting.

Mr. Horton stated that the deadline for filing nomination petitions for the Director positions for Divisions #2 and #4 has passed. Mr. Horton said that only one petition was received for each division. He said that the petition for Division #2 nominated Frank Ausman and the petition for Division #4 nominated Larry White. He said that each of the petitions contains at least ten signatures from eligible District patrons. Mr. Horton said that the Oregon statutes provide that if only one nominating petition is submitted for a division, the Board is to name the person nominated in the petition as the duly elected Director without an election. A motion was made by Director Nagaki and seconded by Director Schilling that Frank Ausman be named as a duly elected Director for Division #2 and Larry White be named as a duly elected Director for Division #4, each to a three-year term commencing January 3, 2006. The motion passed unanimously.

DATE AND TIME OF NEXT MEETING. Mr. Chamberlin said that next month begins the day meetings for the monthly Board meetings. He said that the next meeting is scheduled to be held on November 22 but that since it is the week of Thanksgiving, he would prefer to move

the meeting up to November 15. He said that he would like to have the Board members tour the shops and equipment of the District and would like to have the meeting begin at 10:00 a.m. He said that the meeting could then break for lunch and conduct full business at 2:00 p.m., at Mr. Horton's office. The consensus of the Board is to have the meeting on November 15 at 10:00 a.m., to begin at Mr. Horton's office.

EQUIPMENT UPDATE. Mr. Chamberlin said that the new excavator will not be in for another 60 days. Mr. Chamberlin said that he went ahead and purchased the old excavator back from the insurance company for the sum of \$8,000 after he polled the Board members. Mr. Chamberlin said that CAT told him that the machine is worth between \$35,000 to \$50,000 if it were operational. He said that the machine is currently getting rehabed. He said the plan is to do the work on the engine in-house. He said that the District could rent a short stick for a month and may also be able to get help from the Owyhee Ditch Company.

Mr. Chamberlin gave an update on the District's bulldozers. One of the machines has damaged heads and is being worked on. He updated the Board on the status of the other bulldozers. He said that a D6-C machine can be purchased for approximately \$20,000.

Mr. Chamberlin said that a detachable trailer will be needed to haul the new excavator. He estimates the cost of such a trailer between \$15,000 to \$18,000. He said that he is uncomfortable putting a new excavator on the trailer which the old excavator fell off of. Director Ausman said that if the District is financing a new long boom, that it could use the insurance money for a couple of CATs and a trailer. Mr. Chamberlin said that there are a lot of bulldozers available. He said that most of them are coming out of logging operations. Director Schilling asked if any ditching is being done at this time and Mr. Chamberlin said no.

Director Ausman said that after he spoke with Terry Case, he agrees that a bigger trailer is needed for the new excavator. The need to purchase a truck to pull a new trailer was discussed as was the possibility of selling the current trailer. President Corn noted that the District has gotten behind on keeping the equipment up to date because of recent bad water years. The Board reached consensus and directed Mr. Chamberlin to investigate available bulldozers for sale.

Mr. Chamberlin said that additional work needs to be done near the Echeverria place. He said that a new undershot needs to be put in but at this time the District does not have the equipment to do the job. He said that the work would be off of the District's right-of-way and that he is seeking permission from Mr. Echeverria to access the area in order to put in the undershot. Mr. Chamberlin said that a short stick and possibly a CAT may be leased in the interim to complete the job.

FALL WORK. Mr. Chamberlin updated the Board on the planned fall work. He said there are pipelines which need to be installed. He said that a concrete liner above Ron Jones' needs to be reworked and possibly shored up with concrete. He said that the District could get 15 to 20 years out of the structure if it can be saved now. Mr. Chamberlin said that the liner at

Malheur siphon needs repair. He said that there is more work to be done than the District has manpower at this time.

PROPOSED BRIDGE ON NORTH CANAL. Mr. Chamberlin said that Marvin Fountain from the Cow Hollow area has approached him with a request to put a bridge across the North Canal in order to access some other property which he owns. Mr. Chamberlin said that he and Mr. Horton recently attended an OWRC training seminar on the issue of right-of-ways and crossings. He said that at the seminar, they learned that any crossing needs to first have Bureau approval. He said that he is going to be meeting with the Bureau on right-of-way and crossing issues in the near future. Curt Sisson asked about Jeff Hess' crossing and how it was handled. Mr. Chamberlin said that system still needs to be looked at. President Corn asked if the Cleaver/Radke pipeline has been installed. Mr. Chamberlin said that it is still progressing and that the survey is showing that the District has a 200-foot right-of-way in the area.

GIS MAPPING. President Corn asked what the status of mapping the laterals, canals, and right-of-ways of the District is. Mr. Chamberlin said that the District, along with other Districts, did receive grant money for aerial photos of the District to be put into a computer database.

SEDIMENT PONDS ON SHOESTRING CANAL. Mr. Chamberlin said that the District did get the grants from OWEB to install three sediment ponds on the Shoestring Canal. He said that he needs to have the sites firmed up with the landowners. He said that construction is suppose to start November 1. Mr. Chamberlin presented a cooperative agreement to be signed. Mr. Horton then began to review the agreement.

MICHELLE BUTTE HYDRO REPORT. Tom Zittercob said that he needs direction on the Michelle Butte wicket gates. He said that the wicket gates are stuck on Unit #2 and he estimates the District is losing 5% to 10% of potential revenue. Mr. Zittercob estimated the cost to pull out and put back in the unit at \$25,000. He said that whatever repairs need to be made would be on top of that cost.

Mr. Zittercob said that a battery bank needs to be replaced and he estimates that cost at \$5,000. The need to divert hot air in order to extend the battery life was discussed. After discussion, a motion was made by Director Ausman and was seconded by Director Nagaki authorizing Mr. Zittercob to proceed with the repair work on Unit #2 and to purchase replacement batteries and have the air-duct work re-channeled. The motion passed unanimously.

At 10:28 p.m., Tom Zittercob left the meeting.

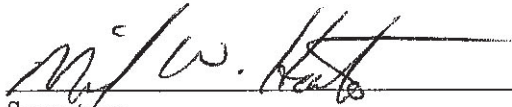
CONTINUATION OF DISCUSSION ON SEDIMENT PONDS. Mr. Chamberlin said that Mr. Horton has reviewed the agreements and noted an error. Mr. Horton said that the agreements need to be revised in order to correctly identify the interests of each of the parties in the agreement. Mr. Chamberlin said that he will take the agreements back to the Soil and Water District for revisions.

OWRC ANNUAL MEETING. Mr. Chamberlin said that the annual OWRC meeting is scheduled for November 29 through December 2 at Hood River. He encouraged the Board members to attend and asked that they notify him if they can attend.

SPECIAL DISTRICTS' INSURANCE. Mr. Chamberlin said that he received a proposed rate-lock agreement from Special Districts. He read the agreement but said he is not sure on the need for it. Mr. Horton asked if Mr. Waldo, the District's insurance agent of record, has reviewed the agreement and what his recommendation is. Mr. Chamberlin said that he has not and that he will have him review the agreement and make a recommendation to the Board.

ADJOURNMENT. Director White made a motion to adjourn the meeting which was seconded by Director Nagaki and unanimously carried, whereby President Corn declared the meeting adjourned at 10:40 p.m.

Respectfully submitted,

  
Secretary

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