

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

June 25, 2002

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on June 25, 2002, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 9:34 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Duane L. Drydale
Larry White	Bruce Corn
Fred Schilling	

Also present were: John Stam, OID Staff; Peter Nichols, CPA; Gene Stunz, Assistant Secretary; 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.

MINUTES. Minutes of the meeting of Directors held on May 21, 2002, had been mailed to each Director prior to the meeting. A motion was made by Director White and seconded by Director Nagaki that the minutes be approved as submitted. The motion passed unanimously.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Peter Nichols presented a financial report for the Mitchell Butte Power Project for the month of May. He went through the report item by item. The report showed a net profit for the month of May of \$46,189 and a net loss of for the year of \$80,330. Total project equity is \$999,424.

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

Malheur Bell	\$ 136.35
Bolens Control House	26.97
Tyco Fire Security	220.00
Nichols Accounting Group	228.00
Talk America	15.24

AT&T	20.61
Grainger Engineering	1,421.45
Riverside Inc.	428.28
Owyhee I.D.-Bonds	<u>4,934.27</u>
Total	\$ 7,431.17

A motion was made by Director Schilling and seconded by Director Drydale that the accounts payable for the month of June as listed in the agenda, be paid.

MITCHELL BUTTE INCOME PROJECTIONS. Peter Nichols said that Mr. Horton called him and asked him to forecast income for the Mitchell Butte Power Project as of the end of 2005 when the bonds are paid off and the power rates drop. Mr. Nichols went through a calculation based upon the Idaho Power contract. In making the calculations, he explained that he was missing some data which is used to determine the numbers which are then used in the calculations. Mr. Stam reported that he has some of those numbers at the OID office and will provide them to Mr. Nichols. Mr. Nichols said that his rough estimate of the annual income for the Mitchell Butte Power Project would be \$85,000 per year once the power rates go down. He noted that it will be nip and tuck to make ends meet at that point in time. Mr. Stunz noted that the Owyhee Dam Project bonds would also pay off in 2005 and power rates for that project would drop at that point in time.

At 10:04 p.m., John Stam and Peter Nichols left the meeting.

EMPLOYEE CAFETERIA PLAN. Mr. Chamberlin explained that he has met with an AFLAC representative with regard to establishing a cafeteria plan to process the funds being used to pay for employees' spouses' insurance. He explained that adopting the plan would save the District and employees money. Mr. Chamberlin presented a resolution adopting a flexible benefits plan. A motion was made by Director White and seconded by Director Nagaki to adopt the resolution as presented. The motion passed unanimously. A copy of the Resolution is attached to these minutes.

B&M EQUIPMENT BUILDING. Mr. Chamberlin said that he spoke with Pat Phillips this last week and she is waiting to hear from two of Mrs. Russi's children with regard to the District's offer. Mrs. Russi has accepted the offer but she has seven children, all of who have interests in the property and they all need to consent. She does not anticipate having any problem getting that consent. Mr. Chamberlin said that he has begun moving toward getting a prospective purchaser agreement with DEQ. He has gotten four letters of support for the District. He is waiting

to receive letters from the state representative and senator. He said that Mr. Kruck feels that the prospective purchaser agreement process could be completed in four to five weeks once it begins. Mr. Chamberlin said that he is anticipating a late August closing date on the property.

SPECIAL USE PERMITS. Mr. Chamberlin said that he has been approached a number of times with regard to right of ways and other encroachments on the District. He has begun issuing special use permits for such right of ways and other encroachments. The permit allows the District to review the situation in five to ten years. He charges a \$25 fee and attaches an aerial photo. He said that he would have Mr. Horton review the language he is using in the permits.

BOARD BYLAWS AND POLICIES. Mr. Chamberlin said he would like to work with Mr. Horton over the winter in putting together Board bylaws and policies. He anticipates making such policies available to water users so that everyone knows where they stand. He explained that some of the problems he has been having is with water users having disputes amongst themselves after the water leaves a lateral. He explained one situation on the tail end of a lateral which runs into a pond and then out in two splits. He said that a new bubbler had been installed by one of the water users and that no measuring device was present.

RECOMMENDATIONS OF THE JOINT COMMITTEE. A motion was made by Director Nagaki, seconded by Director White, and carried unanimously, that the recommendations adopted by the Joint Committee at its meeting on June 25, 2002 pertaining to the following items be approved and the officers of the Owyhee Irrigation District be directed to execute the documents necessary to carry out the recommendations of the Joint Committee, and further, that the staff, including the Project Manager of the Hydro Project, be directed to carry out the steps necessary to perform under the motions adopted by the Joint Committee in the following areas:

1. Authorizing the payment of accounts payable.
2. Agreeing to negotiations with NMFS on mitigation for the additional acres coming in under the project.

WATER USER BANKRUPTCY. Mr. Horton stated that one of the water users has filed bankruptcy and that a proof of claim needs to be filed in that bankruptcy. He reported that he normally handles those but in this particular instance, he has done some prior work for the water user and has a conflict of interest.


Mr. Horton recommended that the matter be turned over to Max Taggart to pursue. A motion was made by Director Drydale, seconded by Director Schilling, and carried unanimously that the matter be turned over to Max Taggart.

WEEDS. Director White asked if the District would be acquiring additional weed beaters. Mr. Chamberlin said that he has found six older machines in the \$15,000 to \$19,000 price range. Director White said such machines could be used down at his end of the project. He said that he rode with his ditch rider and viewed his area of the project and suggested that other Board members do the same. Mr. Chamberlin said that he is still assessing the situation before making recommendations on additional equipment purchases. He explained that the chemical treatment to the canal and laterals is being conducted a bit differently this year to try to get better coverage. He said that there needs to be one more treatment with Xylene. Mr. Chamberlin went on to explain that DEQ is going to require additional reporting each year once the NPEDS permit is issued. He said that the permit will go out for public comment along with Vale and Owyhee Ditches' permit after August.

HYDRO HISTORY. Mr. Stunz reported that things started to slow down a couple of months ago on the history book. He said that recently things have started to move again.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned by President Corn at 10:42 p.m.

Respectfully submitted,

  
Secretary

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

**RESOLUTION ADOPTING A FLEXIBLE BENEFITS PLAN**

The undersigned hereby certifies that the following described Resolution was officially and legally adopted at the duly authorized official meeting of the body with legal authority (hereafter "Authority") to pass said Resolution. Said meeting was held on the date set forth below.

WHEREAS, the Authority wishes to adopt a cafeteria plan within the context of Section 125 of the Internal Revenue Code for the benefit of the employer's eligible employees.

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the Flexible Benefits Plan (consisting of the flexible benefits plan document, the Adoption Agreement, and component benefit plans and Policies) for the Employer named herein below effective as of the date specified in the Adoption Agreement.

RESOLVED FURTHER, that any officer of the employer may, without a further resolution, execute the Adoption Agreement and any related documents or amendments which may be necessary or appropriate to adopt the plan or maintain its compliance with applicable Federal, State and local law.

Name: Owyhee Irrigation District

Body With Legal Authority of Employer To Pass Resolution: Board of Directors  
(Examples - Board of Directors, Board of Commissioner, etc.)

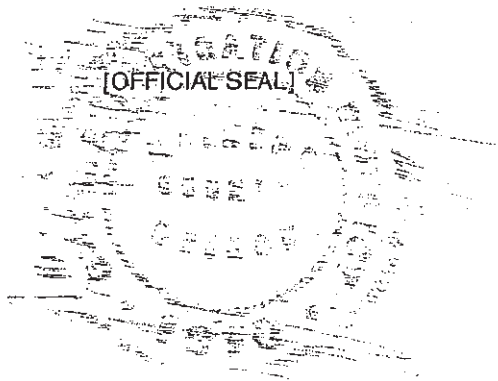
Date of Official Meeting of Authority at which Resolution was Legally Passed: 6-25-2002

Bruce R. Corn  
Signature of Person with Authority to Certify that Resolution was Legally Passed

Mont W. Hart  
Corporate Secretary

Bruce R. Corn, President  
Print Name and Title of Person above

Date: 6-25-02



\*Note: Legal requirements for a valid Board of Directors Resolution vary from State to State. This document is merely a suggested form. Each Employer should consult with its own legal counsel to ensure compliance with applicable law.