

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

November 15, 2005

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on November 15, 2005, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:05 a.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki  
Bruce Corn

Larry White  
Frank Ausman

Also present were: Fred Schilling, former OID Board Member; Jay Chamberlin, District Manager; Michael W. Horton, Secretary and General Counsel; Curt Sisson, OID Patron.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on November 15, 2005.

MINUTES. The minutes of the regular meeting of Directors held on October 25, 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.

DIRECTOR VACANCY. Mr. Chamberlin said that Rick Olsen contacted him and informed him that he is no longer interested in the vacant director's position. He asked Mr. Chamberlin to inform the Board that he has withdrawn his name from consideration. President Corn thanked Curt Sisson for providing the Board with a resume and stated that the Board had received a letter of recommendation from Mr. Schilling. A motion was made by Director Nagaki and seconded by Director Ausman that Curt Sisson be appointed as Director for Division #1 of the Owyhee Irrigation District to serve out the remainder of former Director Fred Schilling's term. The motion passed unanimously. Mr. Horton administered the oath of office to Curt Sisson and Mr. Sisson joined the meeting as a Director.

JOINT COMMITTEE MEMBERSHIP. President Corn said that there is a vacancy on the Joint Committee with Director Schilling's resignation. He said that Director Nagaki is the alternate to the Joint Committee and would normally move up as a Joint Committee member. He said that given the Idaho Power negotiations, he would prefer that Mr. Nagaki remain available to represent the Mitchell Butte Power Plant interests in the Idaho Power negotiations and not become a Joint Committee member. A motion was made by Director White and was seconded by Director Ausman appointing Curt Sisson to serve as a member of the Joint Committee. The motion passed unanimously.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Mr. Chamberlin passed around checks for signing together with a list of District bills. The Directors reviewed the bills. There was a discussion on the best place for the District to make small purchases. A motion was made by Director Nagaki and was seconded by Director White authorizing and ratifying payment of the bills as set out in the list presented by Mr. Chamberlin. The motion passed unanimously.

2005 AUDIT. Mr. Horton said that the 2005 audit has not yet been approved by the Board. He said that the audit was handed out to the Directors a couple of months ago. President Corn said that he had some questions with regard to the audit. Mr. Chamberlin said that he would have Mr. Bledsoe attend next month's meeting to answer questions.

EXECUTIVE SESSION. Mr. Horton said that an executive session is needed to discuss potential litigation pursuant to ORS 192.660 (1)(h). A motion was made by Director White and was seconded by Director Ausman that the Board enter executive session. The motion passed unanimously and at 10:20 a.m., the Board entered executive session.

The Board returned to regular session at 10:32 a.m.

TOUR OF DISTRICT FACILITIES. Mr. Chamberlin said that he would now like the Board to tour District facilities and have the meeting reconvened as the Board arrives at each facility. Accordingly, President Corn declared the meeting in recess at 10:35 a.m., to reconvene at the Nyssa shop.

NYSSA SHOP. The meeting was reconvened at 10:42 a.m. at the Nyssa shop. In addition to the Directors, manager, and secretary, Nyssa shop employees were also present. The Directors viewed the damaged CAT. Mr. Chamberlin said that the plan is to put a short stick on the machine. The Directors then viewed a trailer and visited the shop area to look at the old dozer. Mr. Chamberlin said that this is the best dozer which the District has. He noted that the dozer does not have roll protection and that he is having staff investigate having a roll bar built. The consensus of the Directors is to have a roll bar installed on the dozer as finances allow. The Directors then viewed the labor camp buildings which have been converted to office and break room space. They also looked at the water truck and heavy equipment trailer owned by the District. The crew said that they like the heavy equipment trailer and will continue to use it to haul the weeders, loader, and backhoe, though they would prefer a new trailer for the new excavator when it arrives. The Directors then viewed the dump trucks, loader, trailers, and weeder. Mr. Chamberlin recommended to the Board that the weedbeater be replaced before the next mowing season. J.L. Eldred, District Water Master, said that it is helpful to have the weedbeaters as they allow the ditchriders to see the ditches.

At 11:40 a.m., the meeting was declared in recess to reconvene at Dunaway Pumping Plant.

DUNAWAY PUMPING PLANT. At 11:54 a.m., the meeting was reconvened at Dunaway Pumping Plant. In addition to the Board members, manager, and secretary; J.L. Eldred and Cliff Sebasto were present. Mr. Eldred explained the operation of the electrical panels and pumps as the Directors toured the facility. At 12:13 p.m., President Corn declared the meeting in recess to reconvene at Dead Ox Pumping Plant.

DEAD OX PUMPING PLANT. At 2:00 p.m., the meeting was reconvened at Dead Ox Pumping Plant. J.L. Eldred and Cliff Sebasto led a tour of the pumps and panels at the Dead Ox Pumping Plant. At 2:30 p.m., President Corn declared the meeting in recess to reconvene at the Ontario shop.

ONTARIO SHOP. At 3:00 p.m., the meeting was reconvened at the Ontario shop. Besides the Directors, manager, and secretary; Rick Uhlman, Harvey Manser, J.L. Eldred, Cliff Sebasto, and other Ontario shop employees were present. A tour of the Ontario shop facilities and equipment was given. The Directors viewed the dozers, weedbeater, loader, and other equipment at the Ontario shop.

At 3:30 p.m., the tour of the Ontario shop was completed and the Board sat down to conduct business in the meeting room at the Ontario shop.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Mitchell Butte Power Project for the month ending October 31, 2005, which was prepared by Peter Nichols of the Nichols Accounting Group. The Directors reviewed the report.

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

AT&T	\$29.21
Nichols Accounting Group	233.00
Malheur Bell	<u>121.03</u>
Total	\$383.24

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

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project for the month ending October 31, 2005, which was prepared by Peter Nichols of the Nichols Accounting Group. The Directors reviewed the report.

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

Nichols Accounting Group	\$303.00
Oregon-Idaho Utilities	210.13
Stunz, Fonda, Kiyuna & Horton	<u>1,079.08</u>
Total	\$1,592.21

A motion was made by Director Ausman and was seconded by Director Nagaki 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 for the Tunnel #1 Power Project for the month ending October 31, 2005, which was prepared by Peter Nichols of the Nichols Accounting Group. The Directors reviewed the report.

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

Nichols Accounting Group	\$383.00
Oregon-Idaho Utilities	<u>156.67</u>
Total	\$539.67

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

FERC PAYMENTS. Mr. Chamberlin said that there were corrections to the figures on the FERC billings submitted at last month's meeting. He said the billings have been paid and were a considerable amount more than the figures presented at last month's meeting. Mr. Chamberlin presented a handout with the corrected amounts on it. A motion was made by Director Nagaki and seconded by Director White ratifying the payments to FERC in the amounts listed in the handouts. The motion passed unanimously.

WORK AT MITCHELL BUTTE. Mr. Chamberlin said that Unit #2 at Mitchell Butte has been pulled out and repair work has begun on it.

IDAHO POWER NEGOTIATIONS. Mr. Horton said that a meeting is scheduled with Idaho Power for November 22. He said that the negotiating team has met and has come up with some figures to present to Idaho Power. President Corn asked how comfortable the negotiating team is with the figures being calculated by Mr. Nichols. Mr. Horton said that Mr. Nichols has been working with Dave Stevens at the Department of Energy in getting a solid handle on the

figures. He said that originally there were some discrepancies in their figures but they now seem to have them worked out. Director Ausman said that if the Districts can get 20-year contracts rather than being tied down for 30 years, it would be beneficial to the Districts.

SPECIAL DISTRICTS' INSURANCE LOCK-IN AGREEMENT. Mr. Chamberlin said that at last month's meeting, the Board had issues with regard to the proposed insurance rate lock-in agreement with Special Districts. He said that he spoke with Ray Waldo and Mr. Waldo recommends that the District sign the agreement. Mr. Chamberlin said that there is also an agreement on the Owyhee Dam and the Districts may get as much as a \$3,000 rebate back. He said that Mr. Waldo informed him that there has been some competition from another company and it is making Special Districts nervous. A motion was made by Director White and seconded by Director Ausman to ratify Mr. Chamberlin's signing of the Lock-in Agreement and authorizing Mr. Chamberlin to sign the agreement on the dam rates. Director Ausman asked Mr. Chamberlin if he asked Mr. Waldo about the other company. Mr. Chamberlin said that he did but that Mr. Waldo is still recommending sticking with Special Districts. A vote was held on the motion which passed unanimously.

FALL WORK AND INSPECTION GOALS. Rick Uhlman updated the Board on planned piping projects in the Ontario area. He said that these projects pay for themselves in a fairly short time. He said once the pipes are in, the District no longer has to incur expenses in ditching, dealing with gophers, and other ditch maintenance items. Mr. Uhlman then updated the Board on head gate installations throughout the Ontario area. He said that District employees are in the process of over-digging on the ditch break area and probably may end up lining the lateral in that area. Mr. Uhlman then updated the Board on ditch and lateral cleaning which is occurring in the Ontario area. Mr. Chamberlin said that there is still quite a bit of work to do around the ditch break area. He said that he still has not heard from the adjuster. Mr. Chamberlin said that he received a records request from the Bureau of Reclamation on the ditch break claim.

SIPHON INSPECTIONS. Mr. Chamberlin said that he is planning on inspecting the siphons. He said that the District has the equipment to do the job. President Corn said that this is new territory and asked if everyone is comfortable with doing this and if the District has adequate safety gear. Mr. Chamberlin said that the District does have adequate safety gear.

FALL WORK IN NYSSA AREA. J.L. Eldred updated the Board on the fall work planned in the Nyssa area. He said that there are piping projects and liner work planned. He said that the District is about one week to ten days behind on ditching. He said that District employees have been fixing leaks in old pipelines. Director Ausman asked Mr. Eldred if he heard anything on the weir at the old Pfiler place. Mr. Eldred said that he has not. Director Ausman said that he will go talk to the people involved as he sees a train wreck coming.

OWRC MEETING. Mr. Chamberlin said that the OWRC annual meeting is scheduled for November 29 in Hood River, Oregon. He said that he and Mr. Horton will be attending and asked that if any of the Board members can go, to notify him right away.

CANAL AUTOMATION. Mr. Eldred gave an update on the automation at Tunnel Canyon. He said that computer issues were addressed last week and now there is a small communication glitch. He said that he feels like the system will be ready to go next spring.

Mr. Eldred said that the work will start soon on the Malheur siphon automation. He said that this will be a great safety issue as the ditchriders will no longer have to pull boards above the siphon. He said that it should be a simple installation. Mr. Chamberlin said that he will stop automation at the end of next season and reassess how it is going. He said that the automation alarm systems need to be tied into the District's telephone systems so that District personnel are notified when the automation systems go offline.

SHOESTRING SEDIMENT PONDS. President Corn asked Mr. Chamberlin about the status of the sediment ponds now that the OWEB money has been received. Mr. Chamberlin said that he needs to get with the landowners and tie down the sites. He said that the ponds will be built so that an excavator can clean them at all times.

RING GATE INSPECTION. Mr. Chamberlin said that he had a meeting with the Bureau of Reclamation personnel at the ring gate. He said that the meeting went extremely well. He said that the Bureau has backed off quite a bit on the extent of the work which they were initially saying needed to be done. He said that they now agree that the racks do not need to be replaced. He said that they agree that less than 50% of the tank needs to be taken down to bare metal and re-coated and the other half of the tank just needs spot cleaned and re-coated. Mr. Chamberlin said that the inner and outer seals and the shaft and pinon gears also need work. He said that he anticipates having two contracts; one contract dealing with coatings and the other contract dealing with the mechanical work. Director White asked Mr. Chamberlin what the priority and time frame is for the rehabilitation work. Mr. Chamberlin said that the Bureau agrees that it may be two years before the work can be done. Mr. Chamberlin said that he anticipates the cost at around \$500,000. Director White asked Mr. Chamberlin how he plans to fund the rehab work. Mr. Chamberlin said that the Bureau now says that they may be able to partially fund some of the work, but that was before the hurricanes hit. Mr. Chamberlin said that he will be attending a national meeting in January and will investigate available funds at that meeting. He said that otherwise, there will be a special assessment of \$3.00 to \$5.00 per acre for a year or two to cover the costs.

EQUIPMENT UPDATE AND PURCHASE. Mr. Chamberlin said that the District is weak on dozers. President Corn said that it appears that the District needs to sell the dozers it has and buy new ones. Mr. Chamberlin said that the insurance money could be used for the purchases. He said that the District needs to have two to three dozers. He does not recommend putting money into the dozers the District currently has. Mr. Chamberlin passed around printouts on available dozers which got from the internet. Mr. Chamberlin said that he would like to keep the D7 in service. Mr. Horton said that since the Board of Directors is now aware of the lack of a roll bar on the D7, the Board needs to take action. The consensus of the Board is to have a roll

bar put on the D7 dozer as finances allow. Mr. Chamberlin said that he would prefer to have a new trailer and one new dozer. He said that a trailer is needed for the new excavator. A discussion was had. After discussion, a motion was made by Director Ausman and seconded by Director Nagaki authorizing Mr. Chamberlin to purchase a detachable drop trailer for a maximum sum of \$18,000. Mr. Chamberlin said that he believes that he can get a trailer for that amount. A vote was held on the motion and it passed unanimously.

A discussion was had on purchasing a used dozer. After discussion, a motion was made by Director White and seconded by Director Nagaki authorizing Mr. Chamberlin to purchase a used dozer for an amount not to exceed \$25,000. President Corn said that if Mr. Chamberlin can get the current dozers sold for a decent price, then the District should begin looking for a second replacement dozer.

ONTARIO BUILDINGS. Mr. Chamberlin said that the buildings in the Ontario shop area have been cleaned up quite a bit and he complemented the employees on the building renovations. He said that he will now begin having staff meetings here in the Ontario office. He said that Harvey Manser has worked at the renovations the last two winters. President Corn expressed the Board's appreciation for the tour. He said that it helps the Board in being able to make decisions. He said that the District needs to keep moving forward and it is important to provide the employees with good equipment. Mr. Chamberlin said that he next wants to inventory the District houses next.

Harvey Manser said that he anticipates a 15% increase in the cost of chemicals. He said that there is approximately 40 acres of land here in Ontario which the District could possibly build on. Mr. Chamberlin gave his complements to the Ontario shop staff. Mr. Manser said that the equipment has improved since he has been here.

STORAGE REPORT. The reservoir storage levels, as reported on the agenda, are:

November 9, 2005 - 369,799 a.f.

November 9, 2004 - 112,147 a.f.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 5:06 p.m.

Respectfully submitted,



Secretary

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