

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

July 24, 2012

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on July 24, 2012, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:00 p.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Bruce Corn	Dan Tschida
Jerry Nagaki	Eric White
Frank Ausman	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, Assistant Manager; John and Jewell Duponte, District Patrons; Larry White, District Patron; Gary Davis, District Patron; and Tom Zittercob, Hydro Operator.

MEETING NOTICE. The meeting agenda showed that notice to the news media as to the time, date, and place of the meeting was given on July 17, 2012.

MINUTES. The minutes of the June 19, 2012, meeting of the Board of Directors were mailed to the Directors prior to the meeting. A motion was made by Director Tschida, seconded by Director White, and unanimously carried approving the minutes as mailed.

LARSON PROPERTY ISSUE. Larry White spoke to the Board of Directors. He said that the Larson property has cattle on the land which are using the District canal as a fence. He said that Sweeny Gillette owns the cattle and that the cattle are getting water from the canal and are trampling and doing damage to it. Mr. Chamberlin said that there are a number of places throughout the District where cattle get on the canal. He said that in some places the BLM uses the canal as a fence. He said that he understands that the problem at the Larson property is much worse than in other areas since the ground is not rocky there. He said that mustard weed growing on the Larson property is also going to be a problem as it will end up getting into the canal. Mr. Duponte expressed his frustration that the cattle on the Larson property are drinking District water without water rights. He estimates that there are a thousand head of cattle on the property. He said that he is also concerned that some of the cows may die in the canal. Larry White said that the bankruptcy trustee needs to know what is going on. Mr. Chamberlin explained that Zions Bank had been dealing with the land. The District patrons who spoke said that they wanted the Board of Directors to know what is going on at the Larson property and wanted to express their concerns. The potential for the water users to contact Ron Jacobs, the State Watermaster, and Ron Jones, who oversees confined animals was discussed. Director Tschida said there needs to be a letter sent to Zions Bank and Sweeny Gillette that they are liable for damage and any potential future flooding. At 8:24 p.m., the patrons left the meeting. The matter was discussed further. Director Ausman said that Mr. Gillette should be the one footing the bill for any damage done to the canal.

DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out the financial report for Owyhee Irrigation District for the month ending June 30, 2012. The report was prepared by Nichols Accounting Group. The Directors reviewed the report. Director White asked about the diesel tank and whether or not diesel could be bought now and stored. Mr. Chamberlin said that he will check into it. President Corn asked if the District received reimbursement for the Fletcher Pipeline Project. Mr. Manser said that the District will be sending in a final report the first of September with payment to follow thereafter. In commenting on the weed and chemical costs, Director Ausman said that the weed and moss levels in the canal are much better this year than last year.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. A list of the District's accounts payable was in the Directors' packets. The list was reviewed and discussed. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried approving payment of the Owyhee Irrigation District bills.

MITCHELL BUTTE POWER PROJECT.

Generation Report. The generation report for Mitchell Butte Power Project was included in the Directors' packets. The Directors reviewed the report.

Accounts Payable. The agenda for the meeting listed the following accounts payable for the Mitchell Butte Power Project:

AT&T	\$33.86
Century Link	121.13
Nichols Accounting Group	<u>110.00</u>
Total	\$264.99

A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried that the accounts payable for the Mitchell Butte Power Project be paid.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel #1 Power Project for the period ending June 30, 2012, which was prepared by Nichols Accounting Group. The Directors reviewed the report. Mr. Zittercob gave a report on the Tunnel Plant operations.

Accounts Payable. The agenda showed the following schedule of accounts payable for the Tunnel #1 Power Project:

AT&T	\$48.18
Oregon-Idaho Utilities	112.28
Nichols Accounting Group	<u>325.00</u>
Total	\$485.46

A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried that the accounts payable, as presented, for the Tunnel #1 Power Project, be paid.

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report prepared by Nichols Accounting Group for the Owyhee Dam Power Project for the period ending June 30, 2012. The Directors reviewed the report. Mr. Chamberlin said that the road to the Dam Plant has been put back in. He reported on a piece of equipment that broke down during installation of the road.

Owyhee Dam Power Project Accounts Payable. The Owyhee Dam Power Project accounts payable were listed on the agenda as follows:

AT&T	\$52.85
Oregon-Idaho Utilities	56.14
Stunz, Fonda, Kiyuna & Horton	125.00
Nichols Accounting	<u>\$325.00</u>
Total	\$671.27

A motion was made by Director Nagaki, seconded by Director White, and unanimously carried that the accounts payable for the Owyhee Dam Power Project, be paid.

HYDRO REPORT. Mr. Zittercob gave an update on the hydro facilities. He said that Idaho Power repaired a circuit switch which required the Tunnel Power Plant to be shut off during the repairs. He said that the total costs for the repairs will be around \$10,000. Mr. Zittercob said that the wicket gates for the Dam Plant have been ordered but have not arrived yet. He hopes to have the Dam Plant repairs begun when the plant shuts down and then completed with the plant ready to run by the 1st of January.

Mr. Zittercob said that the SCADA system software and computers also need upgraded. The total estimate for the upgrade is \$35,000. The matter was discussed and it was determined that the Joint Committee will take up the matter at their meeting in August. Mr. Zittercob asked about potential water shutoff dates and the matter was discussed.

At 9:20 p.m., Mr. Zittercob left the meeting.

FLETCHER GULCH PIPELINE PROJECT. Mr. Manser said that there have not been any problems on the project since the last Board meeting report. He said that the first part of the project will be finished the first of August and then after the fields are cleaned up, District staff will go in and do work to protect the valves.

NEWELL PIPELINE PROJECT. Mr. Manser reported that the last of the pipe has come in. He said that the OWEB money has been spent. He said that the District is waiting to hear on the next grant. Mr. Chamberlin said that the District may have a contractor install the 30 inch

pipe. He said that there is still right-of-way paperwork to be done. Director Ausman asked if there is any place on the north end of the District to do a similar project. The matter was discussed and Mr. Chamberlin said that eventually he would like to see an on-site storage system installed on the north end.

CANAL WEED CONTROL. Mr. Manser reported on weed control in the canal. President Corn said that he has seen a lot better water quality this year. The mowing of laterals was discussed. The need for a new smaller mower was discussed. Staffing for doing the mowing and other work was discussed.

CROP ROTATION. Mr. Manser said that J.L. Eldred asked if the Board would talk about crop rotation for next year. He said that Mr. Eldred is anticipating that there will be a lot of corn planted on the lower end of the District which will require a large volume of water at that end of the canal. President Corn said that there may be a lot of wheat planted next year. He said that this would be a good matter of discussion at the annual meeting in February. He said that the design limits of the system as it relates to water volumes could be explained to the patrons at that meeting.

PIVOTS. Mr. Manser handed out photos of where pivots have been spraying on District roadways. He explained that this is creating a problem. Mr. Chamberlin said that he will eventually need to get a policy document out which will include provisions on spraying of roadways.

MANAGER REPORT. Mr. Chamberlin reported that the water rights examiner has all of the information needed on House Bill 3111 and that process is still going forward.

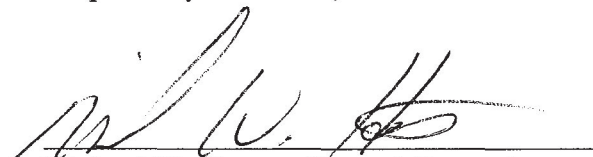
Mr. Chamberlin said that he was contacted by the Owyhee Hydro, LLC guy who wants to have a meeting to see what the District's concerns are with regard to his company's proposed pump-back storage project.

Mr. Chamberlin reported that the new Oregon NPDES permit is out for public comment.

RESERVOIR STORAGE. The current reservoir storage and a potential water shutoff date was discussed. District staffing was also discussed.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 10:20 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____