

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

September 18, 2012

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on September 18, 2012, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:04 p.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Bruce Corn	Dan Tschida
Eric White	Jerry Nagaki (who joined the meeting at 8:40 p.m.)
Frank Ausman	

Also present were: Jay Chamberlin, District Manager (who joined the meeting at 8:10 p.m.); Michael W. Horton, Attorney; Harvey Manser, Assistant Manager; and Monty Culbertson, Old Owyhee Ditch Company Manager.

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 September 13, 2012.

MINUTES. The minutes of the August 21, 2012, meeting of the Board of Directors were mailed to the Directors prior to the meeting. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried approving the minutes as mailed.

WATER TURNOFF DATE. President Corn said that Monty Culbertson is in attendance at the meeting to discuss the possibility of moving the water turnoff date up a week given the drought conditions. It was determined that the discussion would be taken up when Mr. Chamberlin arrives at the meeting.

DISTRICT FINANCIAL REPORT. Mr. Manser handed out the financial report for Owyhee Irrigation District for the month ending August 31, 2012. The report was prepared by Nichols Accounting Group. The Directors reviewed the report. President Corn asked when the Fletcher Pipeline Project grant money will come in. Mr. Manser said that the papers have not gone out yet, but that the USBR grant papers are just about ready and should go out on Friday. He said that on the OWEB reimbursement, there are still issues with the pipeline which are being addressed. He said that there is some possible seepage on the North Canal which may be the cause of the issues and that District staff is looking at the possibility of modifying the grant, since there is still some money left in the grant, to possibly address the possible seepage.

At 8:10 p.m., Mr. Chamberlin joined the meeting.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Mr. Manser handed out a list of the accounts payable for the District. The list was reviewed and discussed. A motion was made by Director White, seconded by Director Ausman, and unanimously carried approving payment of the accounts payable.

WATER TURNOFF DATE (Continued). President Corn said that Mr. Culbertson asked to be on the agenda as the Old Owyhee Board is wanting to discuss the possibility of moving the water turnoff date from October 12 to October 5 given the drought conditions. The matter was discussed. Mr. Culbertson said that his board asked him to come to the meeting and encourage the Owyhee Irrigation District Board to move the turnoff date to October 5. Director Ausman asked how much water might be saved by shutting off one week earlier than previously planned. Mr. Chamberlin estimated about 10,000 acre feet. Mr. Chamberlin said that at this rate the reservoir should carry over between 225,000 to 230,000 acre feet. He said that the long-term forecast is that it is to remain dry through December. Mr. Chamberlin said that it would be his recommendation to shut off on October 5. Director Tschida stated that the water users in his area do not benefit from earlier turn-on dates and then end up being shut off early in the fall. The matter was discussed further. Mr. Horton stated that the ultimate decision for shutting off the water is up to the Joint Committee. If the water is shut off a week earlier, the need to get notice out to water users was discussed.

At 8:40 p.m., Jerry Nagaki joined the meeting.

Discussion on moving the turnoff date back to October 5 continued. After discussion, a motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried that the turnoff date be moved to October 5, 2012, due to drought conditions. Getting the word out to water users was discussed. Mr. Culbertson said that his board will pay for half of publication costs in the newspaper. Mr. Chamberlin said that he will contact Ron Keester at South Board to get their consensus on the early turnoff date. If he is unable to get their consensus, a special Joint Committee meeting will be called to take action on the turnoff date. Mr. Chamberlin said that he will contact the media about the turnoff date.

At 8:50 p.m., Monty Culbertson left the meeting.

MITCHELL BUTTE POWER PROJECT.

Generation Report. Mr. Manser said that the generation report has not yet been completed since information from Idaho Power has not yet been received. He said that an income statement for Mitchell Butte is included in the Directors' packets. The Directors reviewed the statement.

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

Les Schwab Tires	\$334.93
California Electric	9,083.33
Waldo Insurance	16,081.14

McGowan Computers	2,858.00
Century Link	288.35
Nichols Accounting Group	<u>110.00</u>
Total	\$28,482.75

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

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Manser handed out a financial report for the Tunnel #1 Power Project for the period ending August 31, 2012, which was prepared by Nichols Accounting Group. The Directors reviewed the report. Mr. Chamberlin said that the Tunnel Power Plant shut off on Thursday, October 13, 2012.

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

AT&T	\$106.64
California Electrical	9,083.34
McGowan Computers	2,585.00
Les Schwab Tires	334.94
Field Waldo Insurance	84,373.00
Oregon-Idaho Utilities	112.28
Nichols Accounting Group	<u>325.00</u>
Total	\$96,920.04

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

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Manser handed out a financial report prepared by Nichols Accounting Group for the Owyhee Dam Power Project for the period ending August 31, 2012. The Directors reviewed the report. Mr. Chamberlin noted that the big cost for the month was the cost of putting the road back in to the Power Plant. Computer upgrade costs at the Plant were discussed.

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

Owyhee Irrigation District	\$36,623.58
AT&T	33.00

California Electric	9,083.33
Field Waldo Insurance	35,093.13
McGowan Computers	2,585.00
Oregon-Idaho Utilities	168.18
Century Link	45.00
Les Schwab Tires	334.93
Stunz, Fonda, Kiyuna & Horton	752.65
Nichols Accounting	<u>\$325.00</u>

Total \$85,043.80

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

UNIT AT MITCHELL BUTTE. Mr. Chamberlin said that one unit at Mitchell Butte is starting to vibrate real bad on the bottom end. He said that it may have to be repaired when the water is shut off.

NEWELL PIPELINE PROJECT. Mr. Horton said that he met with Mark Carpenter, the District Engineer, earlier in the day with regard to contracting for installation of the large pipe on the Newell Pipeline Project. According to Mr. Carpenter, the estimated costs will be under \$100,000. Mr. Horton said that this qualifies for the competitive quote process should the Board decide to go that route. Mr. Horton said that he and Mr. Carpenter also discussed the rights of way and that Mr. Carpenter believes that the pipeline will be able to be installed within the District's right of way. Mr. Chamberlin questioned whether or not that statement is accurate. Mr. Manser said that it sounds as if OWEB is moving forward on approving the grant for the west end of the project. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried that the competitive quote process be used in selecting a contractor to do the installation of the 30" pipe.

NPDES PERMIT. Mr. Manser said that the NPDES permit is still out for public comment. He said that the District has made written comments and comments have been made by OWRC. He said that under the proposed permit, which is out for comment, magnacide, copper, and xylene would all require fish screens before they could be used. He said that we will just have to wait and see where the permits end up after the comment period. Aquatic weed control chemical use and alternatives were discussed. Mr. Chamberlin said the District is going to try some silt removal this off-season.

CATTLE ON LARSON FARMS. Mr. Chamberlin said that the Larson Farms property has been sold and that the cattle are supposed to be going away. He said that there is supposed to be a meeting upcoming with the buyer of the property. The matter was discussed.

MANAGER REPORT. Mr. Chamberlin gave his manager's report. He said that employee evaluations have been done a quarter earlier so that they will not interfere with the off-season work. He said that the evaluations went well for the most part. He said that staff hiring is also going pretty well.

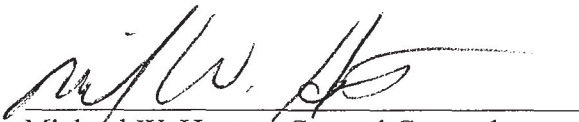
PUMPING PLANTS. Mr. Chamberlin said there will be some costs this off-season for the pumping plants. He said that besides preventative maintenance work there are a couple of pumps that will need to be pulled and worked on. Mr. Chamberlin explained the proposed work.

JET FLOW PENSTOCK COATINGS. Mr. Chamberlin said that the work on the penstock coatings may be held off until the following year. He said that he will most likely hold off on going out for an RFP for the work given the current projects which are going on. He said that South Board was unable to come up with some other coating projects.

WATERSHED. The District's watershed was discussed with regard to the recent fires and the potential impact of those fires on water quality. Mr. Manser said that the Weed Board has been asking about spraying on some of the ditch banks.

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

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____