

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

October 23, 2012

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on October 23, 2012, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 7:55 p.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Bruce Corn	Dan Tschida
Eric White	Jerry Nagaki
Frank Ausman	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; and Harvey Manser, Assistant 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 October 16, 2012.

MINUTES. The minutes of the September 18, 2012, meeting of the Board of Directors were mailed to the Directors prior to the meeting. President Corn noted a correction to the minutes on page 3 under the heading "Financial Report." The Tunnel shutoff date was referred to as October and it should have been September. The minutes were corrected. A motion was made by Director Ausman, seconded by Director White, and unanimously carried approving the minutes as corrected.

DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out a financial report for Owyhee Irrigation District for the month ending September 30, 2012. The report was prepared by Nichols Accounting Group. The Directors reviewed the report. President Corn asked about the Fletcher Gulch Pipeline Project grant reimbursement. Mr. Chamberlin said that \$68,000 has been received and that approximately \$161,000 has just been requested. Mr. Chamberlin said that a couple of thousand dollars is being held back until some minor work is completed before those last sums can come in. Mr. Chamberlin said that excess water charges generated \$105,342.45 of revenue. President Corn asked if reimbursement has been received on the Owyhee Ditch Company pump. Mr. Chamberlin said that he believes that Owyhee Ditch has been charged, but that they then charged back more on their billing to the District. In reviewing the report, Director White noted that \$6,000 of the Gopher Reimbursement Fund is left.

KINGMAN LATERAL. Mr. Chamberlin reported on work being done on the Kingman Lateral.

CHEMICAL BUDGET. Mr. Manser reported on the chemical budget. Director Tschida asked if the District should buy more chemical now before the prices go up. Mr. Manser said that he has heard that Magnacide may not be going up and that the Cascade price may go up by 3%. He then explained the ordering and the holding processes for the chemicals.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. A list of the District's accounts payable for the month was included in the Directors' packets. The list was reviewed and discussed. A motion was made by Director White, seconded by Director Nagaki, and unanimously carried approving payment of the accounts payable.

MITCHELL BUTTE POWER PROJECT.

Financial Report. The financial report for Mitchell Butte Power Project was included in the Directors' packets. President Corn asked if the one unit which was acting up is going to be torn down. Mr. Chamberlin said that it possibly is. He said that right now the unit at Owyhee Dam is being worked on. Mr. Chamberlin said that Idaho Power is going to be shutting down power at times this fall so it may interrupt some of the off-season work on the power units.

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

Owyhee Irrigation	\$125.55
Century Link	111.51
Nichols Accounting Group	<u>100.00</u>
Total	\$337.07

A motion was made by Director Ausman, seconded by Director Tschida, 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 September 30, 2012, which was prepared by Nichols Accounting Group. The Directors reviewed the report. President Corn asked about the SELP payment. He noted that it showed the payment was \$118,652 and he thought it was supposed to have gone down to \$110,000 given the interest rate reduction. Mr. Chamberlin said that he will check into the matter.

Accounts Payable. A list of the accounts payable for the Tunnel #1 Power Project was included in the agenda, with copies of the billing statements included in the Directors' packets. The accounts payable were reviewed and discussed by the Directors. The agenda showed the following schedule of accounts payable for the Tunnel #1 Power Project:

Century Link	\$112.62
Owyhee Irrigation	135.35
Idaho Power Company	12,709.83
Nichols Accounting Group	<u>325.00</u>
Total	\$13,282.80

A motion was made by Director Nagaki, seconded by Director Ausman, 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 September 30, 2012. The Directors reviewed the report.

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

Owyhee Irrigation District	\$125.54
Oregon-Idaho Utilities	337.11
Century Link	45.00
Stunz, Fonda, Kiyuna & Horton	87.50
Nichols Accounting	<u>\$325.00</u>
Total	\$927.29

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

NEWELL PIPELINE PROJECT. Mr. Chamberlin said that work on the project has started. He said that Warrington came in with the best competitive quote. He said that their work will be done within 20 days from when they start. Their quote is approximately \$68,000 for digging approximately 8,000 feet. Mr. Chamberlin said the District received the grant for the West portion of the pipe. He said that the District will go out for bids for the pipe. Mr. Chamberlin said that the District is putting in for a grant for the East portion of the project. He then reported on the planned work on the project, the right of ways, inlet structure, planned pivots, and engineering. Mr. Horton said that a resolution is needed to award the contract for laying the pipe to Warrington. A motion was made by Director White, seconded by Director Ausman, and unanimously carried adopting the following resolution:

RESOLVED, that Warrington Irrigation's competitive quote for digging and laying a portion of the Newell Pipeline is hereby accepted and Warrington Irrigation is awarded the contract.

Mr. Chamberlin said that he will have Mr. Horton put together a contract with Warrington Irrigation.

HOUSE BILL 3111. Mr. Chamberlin said that the water rights examiner was here working on proving up the acres under House Bill 3111. He said that the examiner underestimated the scope of the work and he is now having issues. He said that he is going to file for an extension and work through proving up the acres next summer. Mr. Chamberlin and Mr. Horton gave a history of the House Bill 3111 process. Mr. Chamberlin said that he will be advising the Bureau of Reclamation on the extension process.

DIRECTOR HANDBOOKS. Mr. Chamberlin said that he and Mr. Manser put together a handbook for the Directors with current policies and contracts in it. He said that the handbook also includes a draft of proposed District policies. Each Director was given a handbook to take with him.

WATER CONSERVATION PLAN. Mr. Chamberlin said that water conservation plans are good for five years and that the plan for the District has expired and needs to be updated. He said that it is important to have such a plan in place in order to get grants. He said that he is going to try to partner up with other districts and OWRC and attempt to get a plan done in about a year.

COUNTY ROAD TO OWYHEE DAM. Mr. Chamberlin said that he has been sitting on a committee working on issues relating to the county road up to the Owyhee Dam. He said that the committee met every month for a year and is now wrapping up its work. Mr. Chamberlin gave a report on the committee's actions. He said that the committee has recommended to the County and the Road District to try to fund the road in its current condition.

OWRC ANNUAL MEETING. Mr. Chamberlin said that the annual meeting for OWRC is scheduled for November 28 through 30. He invited the Board members to attend.

MANAGER REPORT. Mr. Chamberlin said that he and District staff met with the County Weed Board. He said that they are wanting to do some test plots with weed controls. Mr. Horton expressed some concern with potential liability. Mr. Chamberlin said that OSU Extension and Weed Board are partnering up and that there will be no liability on behalf of the District.

PLANNED OFF-SEASON WORK. Mr. Chamberlin reported on planned work on the Kingman Lateral and the Chaney Pipeline.

2013 BUDGET. Mr. Chamberlin said that District staff has just gotten started on the 2013 budget for the District. He said that he is trying to have staff do more in putting together the budget and having Nichols Accounting do less work on the budget. President Corn asked about PERS increases. Mr. Chamberlin said that he will check into those increases. Mr. Chamberlin said that the District's health insurance agent is predicting a 10% increase in health insurance premiums. Mr. Chamberlin said that fuel and chemical costs are projected to be big increases. Bulk fuel storage was discussed.

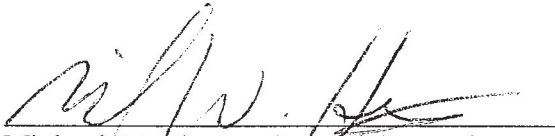
NPDES PERMIT. Mr. Chamberlin reported that the NPDES permit for aquatic chemical use and ditch bank spraying is still out for public comment. He said that he does not think that the District will hear anything on the permit until after the first of the year.

BOARD OF DIRECTOR COMMENTS (Water Shut-Off Date). Director Tschida asked about South Board continuing to run water for a week longer than the Owyhee Irrigation District. Director Ausman explained that after the decision to move the shut-off date a week earlier was made, that he received a call from Dave Shenk with South Board saying that South Board was getting a lot of pressure from water users to leave the water on the extra week. Director Ausman said that he was advised that South Board was all on board with that decision. Director Ausman said that he found out later that was not the case. President Corn said that there should have been a Joint Committee meeting firmly establishing the revised shut-off date. The matter was discussed and Director Ausman stated that the notice to water users on the shut-off date needs to be clear that the shut-off date can be moved earlier depending upon weather and water use demand. A discussion on the matter was had.

EMPLOYEE RETIREMENT DINNER. Mr. Chamberlin said that there will be a retirement dinner in February for some of the retiring District employees.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 9:30 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____