

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

December 22, 2015

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on December 22, 2015, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, at 106 Main Street, Nyssa, Oregon, at 11:05 a.m. Jerry Nagaki, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Bruce Corn
Dan Tschida	Eric White
Frank Ausman	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, OID Assistant Manager; Larry Meyer, Argus Observer Newspaper; Brittany Valero, and Kris Ward, OID Office Staff; Brian Richins, Auditor; Greg Clark and Ed Crier, MWH Engineering.

MEETING NOTICE. The meeting agenda showed that public notice as to the meeting was given on December 16, 2015.

MINUTES. Minutes of the meeting of the Board of Directors held on November 17, 2015, were mailed to the Directors prior to the meeting. A motion was made by Director Ausman, seconded by Director , and unanimously carried approving the minutes.

DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out a financial report for the District for the month. The Directors reviewed the report.

DISTRICT ACCOUNTS PAYABLE. Two lists of the District's accounts payable for the month were included in the Directors' packets. The Directors reviewed and discussed the lists. Mr. Chamberlin clarified the accounts receivable listing misprint on Grate Pizza and another vendor. A motion was made by Director White, seconded by Director Corn, and unanimously carried approving and ratifying payment of the accounts payable.

AUDIT CHANGES. Brian Richins gave a report on new auditing standards which will be changing next year. He made a recommendation to the Board to change auditing reporting to a modified cash basis for audit purposes only. He said this will save the District approximately \$1,000 per year. He said that he will still test for controls and balances. Chairman Nagaki made it clear that the Board still expects to receive an audit which tests for controls. Mr. Richins said that the change will not put the District at any greater risk for financial fraud. The matter was discussed and after discussion, it was the consensus of the Board to follow Mr. Richins' recommendation to change to a modified cash basis for audit purposes only.

Mr. Richins, Brittany Valero, and Kris Ward left the meeting at 11:30 a.m.

MALHEUR SIPHON STABILIZATION. Gary Clark and Ed Crier from MWH Engineering gave a slide show presentation on an engineering proposal to stabilize the Malheur Siphon. They said that the siphon has already settled 18 inches. They outlined potential proposed fixes for the siphon. Their report says that within five years the District could see a 50/50 chance of catastrophic failure of the siphon. They said that there may be USBR and State of Oregon funding. They said that they would prepare an engineering fix. The work then could be carried out by a contractor or they said that most of the work could be done by District crews. They said that there is a wrinkle in the pipe which is one of the top priority fixes. They recommend doing the fixes next off season. They said there is no way to have the work done this off season. They said they can come back in January with a cost estimate and they will also come in with a proposal on doing a capital improvement plan. The group left and 12:00 p.m.

SNIVELY SIPHON. Mr. Chamberlin said that representatives from GSI will be here next month to present their proposal on fixing the Snively Siphon. Mr. Chamberlin said that the core drilling is done. The Directors discussed the matter and explained it was their understanding that the work was going to be done shortly after last month's meeting. Mr. Chamberlin explained that the fix can be done with water in the system and that he made the call to have the company work on their schedule in order to save some expenses and in his opinion, it will not put the system at risk. He said the company needed to get the core sampling done so that they could then put together a good comprehensive fix. The Board of Directors made it clear that their goal is to get the Snively Siphon slide fixed prior to water coming into the system. They then would like to see the Malheur Siphon fixed next winter. Mr. Chamberlin advised the Board on the results of the drilling of core samples. He passed around bags containing the core samples. He said they went down 50 feet without hitting rock. He said they hit water in one section and that the water will need to be dealt with. Now that the core samples have been taken, the company is modeling their proposed fix.

CAPITAL IMPROVEMENT PLAN. Mr. Chamberlin said that in order to get funding for capital improvement projects the District needs to have a capital improvement plan in place. He said that MWH Engineering is going to be making a presentation next month on doing such a plan. He said the plan will list the needs of the District along with rankings of those needs. Directors Ausman and White expressed their opinions that the District Board needs to be taken out to view areas where possible failures of the system could occur when management becomes aware.

MEETING RECESS. At 12:55 p.m., the meeting was recessed to reconvene following the Joint Committee meeting.

MEETING RECONVENED. At 1:55 p.m., the Owyhee Irrigation District Board of Directors' meeting was reconvened.

ANNUAL EMPLOYEE TRAINING UPDATE. Mr. Chamberlin gave an update on the annual employee training. Director White suggested that the Board of Directors again make breakfast for the employees during the training. The matter was discussed and it was the consensus of the Board to do so.

WATER CONSERVATION PLAN. Mr. Chamberlin said that District staff are working on a water conservation plan for the District with Integrated Water Solutions, LLC. He said the total

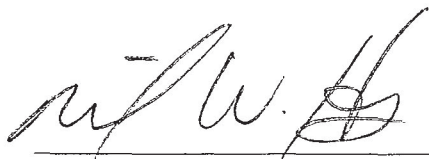
cost for the plan is \$20,000. He said the plan is necessary to obtain grants. The matter was discussed and Director Ausman asked if this is something District staff could do without hiring a consultant. Mr. Chamberlin said that it is not. After discussion, a motion was made by Director Corn, seconded by Director Ausman, and unanimously carried authorizing the District to enter into a contract with Integrated Water Solutions, LLC to put together a water conservation plan for the District.

EXECUTIVE SESSION. Mr. Horton said that an executive session is needed to discuss potential litigation pursuant to ORS 192.660(2)(h). At 2:14 p.m., the Board entered executive session.

RETURN TO REGULAR SESSION. At 2:34 p.m., the Board returned to regular session.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 2:35 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____

**MINUTES OF MEETING OF JOINT COMMITTEE
OF THE OWYHEE PROJECT**

December 22, 2015

A meeting of the Joint Committee of the Owyhee Project was held at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, on December 22, 2015, at 1:00 p.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

Bruce Corn	Frank Ausman
Dan Tschida	Chris Landa
Eric White	Brett Nielson

Also present were: Jay Chamberlin, Manager of the Hydro Projects; Harvey Manser, OID Assistant Manager; Clancy Flynn, South Board Manager; Michael W. Horton, Attorney; Larry Meyer, Argus Observer Newspaper; Jerry Nagaki, OID Alternate; and J.L. Eldred, OID Watermaster.

MEETING NOTICE. The meeting agenda showed that public notice of the meeting was given on December 16, 2015.

MINUTES. The minutes of the meeting of the Joint Committee held on November 17, 2015, were mailed to the Committee members prior to the meeting. A motion was made by Mr. Corn, seconded by Mr. White, and unanimously carried approving the minutes as read.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel Power Project. The Committee members reviewed the report.

TUNNEL #1 POWER PROJECT ACCOUNTS PAYABLE. The Committee members reviewed the accounts payable listed on the agenda for the Tunnel #1 Power Project. A motion was made by Mr. Corn, seconded by Mr. Tschida, and unanimously carried approving payment of the following accounts payable:

Oregon Idaho Utilities	\$111.60
Nichols Accounting Group	<u>325.00</u>
TOTAL	\$436.60

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project. The Committee members reviewed the report.

OWYHEE DAM ACCOUNTS PAYABLE. The Committee members reviewed the accounts payable listed on the agenda for the Owyhee Dam Power Project. A motion was made by Mr. Tschida, seconded by Mr. White, and unanimously carried approving payment of the following accounts payable:

Tunnel Hydro - loan	\$437.00
Stunz, Fonda, Kiyuna, & Horton	442.75
Oregon Idaho Utilities	287.98
Nichols Accounting	<u>325.00</u>

TOTAL \$1,492.73

HYDRO REPORT. J.L. Eldred updated the Committee on the repairs and maintenance being done this winter to the hydro facilities. Mr. Eldred said that the crappie egg filter needed parts and was repaired. He said that brush work still needs to be done, but that overall, nothing major on the Tunnel Power Plant needs repaired. He said that the plant should be ready to run the 2nd or 3rd day the water comes on. He said the Dam Plant is ready to run.

MOU ON DUNAWAY PUMPING PLANT WITH OLD OWYHEE. Mr. Chamberlin said that he spoke with USBR staff about getting back together on the MOU after the first of the year. He said he is still planning on having such a meeting.

WINTER WORK PROJECTS AT DAM COMPOUND. Mr. Chamberlin said that coatings will be put on the East staircase. He said the generator at the Dam Compound is being wired in.

GLORY HOLE OPERATION. Chairman Ausman asked if the ring gate is ready to float. Mr. Chamberlin said the gate is getting lubricated and that staff are getting ready for high water.

B2H POWER LINE PROJECT. Mr. Horton and Mr. Chamberlin gave an update on the B2H Power Line Project. They said that the Bureau of Land Management will be releasing the environmentally preferred route. They said this will not necessarily be the agency preferred route.

COMMUNITY RENEWABLE ENERGY ASSOCIATION. Mr. Horton and Mr. Chamberlin explained that when they went to OWRC Annual Conference, they met with a representative from Community Renewable Energy Association. They said that it would benefit the Joint Committee to become members of the association. The association assists with power sales agreements and negotiating power rates. Mr. Horton said that the annual fee to join the association is \$100. Mr. Chamberlin said that it would be money well spent. A motion was made by Mr. Tschida, seconded by Mr. Nielson, and unanimously carried authorizing the Joint Committee to become a member of the Community Renewable Energy Association and adopting any required resolution of such association to become a member.

MEETING WITH USBR STAFF. Mr. Horton and Mr. Chamberlin talked about their meeting with the new area manager and other USBR officials at the OWRC meeting. They said that it was a good meeting and beneficial to get one-on-one time with the Bureau officials.

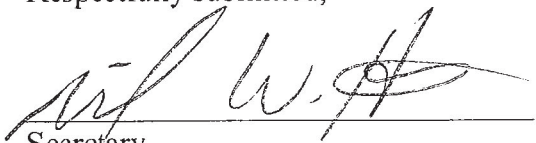
WATER FORECAST. Mr. Tschida said that at the OWRC meeting, the forecasts presented were for warmer weather for the next 90 days. Mr. Chamberlin reported on the current conditions and the current reservoir storage and snow pack sites. He said all of the snotel sites are looking good. He said that Mud Flat has 15 inches of snow with 3 inches of water content. He said the potential is there to bring water in. He said he will probably fly the snow course the middle of January.

SDAO CONFERENCE. Mr. Chamberlin said that the SDAO Conference is scheduled for February 5 through 7. He said the conference will be in central Oregon.

DATE AND TIME OF NEXT MEETING. After discussion, the Joint Committee determined that their next meeting will be on January 19, 2016, at Mr. Horton's office.

ADJOURNMENT. There being no further business, the meeting was adjourned at 1:55 p.m.

Respectfully submitted,


Secretary

APPROVED: _____