

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

February 28, 2012

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on February 28, 2012, at the Cairo Grange Hall in Ontario, Oregon, at 10:00 a.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Bruce Corn	Dan Tschida
Frank Ausman	Jerry Nagaki
Eric White	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, Assistant District Manger; Linda Rowe, SWCD; Charlie Barlow and Mrs. Stevens, District Patrons; Mark Carpenter, District Engineer, and Tom Zittercob, Hydro 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 February 22, 2012.

MINUTES. The minutes of the January 17, 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 Nagaki, and unanimously carried approving the minutes as mailed.

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

SMALL ACREAGE ACCOUNT FEE. Mrs. Stevens said that she finds it hard for the Board to justify the increase in small acreage account charge to \$75.00. President Corn and Mr. Chamberlin explained the extra work required for the small acreages. She said that she would like to see the definition of small acreages reduced even further so that her property is not included in the definition. At 10:14 a.m., Mrs. Stevens left the meeting.

FLETCHER GULCH PIPELINE PROJECT. Mr. Chamberlin said that Mr. Barlow is going to dig the only lateral on the project and that the pipe being used is part of the project. He said that in the grant application, Mr. Barlow's in-kind contribution was digging and laying of the line. Mr. Barlow said that he has three tax lots which this lateral will service. President Corn

explained that the issue the District has is that if those tax lots ever go under separate ownership, there may be an issue with ownership of the line. Mark Carpenter said that the OWEB Grant provides that after installation, maintenance and operation of the pipeline it is to be turned over to the District. The matter was discussed. Linda Rowe said that she will talk to OWEB and get an answer on their position on the pipe ownership. Mr. Barlow said that he wants to own it and maintain it. Director White said that would also be his preference.

At 10:40 a.m., Mr. Barlow and Ms. Rowe left the meeting.

DISTRICT FINANCIAL REPORT. Mr. Kemble handed out financial reports for the District for the periods ending December 31, 2011, and January 31, 2012. The Directors went through the reports as Mr. Kemble reviewed them. The December report was reviewed closely to see how the actual expenses for 2011 compared with the budgeted amounts. It was noted that the dam operation and maintenance expenses were over budget, but Mr. Kemble said that could be attributable to not having received payments from the other Districts. President Corn asked if the other Districts have been billed. Mr. Chamberlin said that he is not sure, but that he will check into it. Mr. Kemble said that overall the District was under budget for the year by \$5,269.85. Director White pointed out that the figure for the mower is not right. President Corn said that he is troubled by the possibility that the other Districts have not paid their reimbursement and especially troubled if the District failed to get the bills out. Mr. Kemble said that he will look at the mower account and see what is included.

2011 CARRYOVER CASH. Mr. Kemble said that there is some cash carryover from last year's operations. He asked what the Board would like to do with the cash. President Corn said that he would like to see the operating reserves continue to be built up. Mr. Kemble said that a district of this size should have six months of reserves, which would be \$1.2 million. He said that currently there is \$358,526 in operating reserves. Mr. Kemble said that there is approximately \$200,000 of carryover cash that could be put into operating reserves. A motion was made by Director Nagaki to move \$200,000 into operating reserves. Director Ausman asked if the money should be moved now or wait until assessments come in. The matter was discussed and after discussion, the motion was seconded by Director White. Director Tschida asked if the \$200,000 was moved into operating reserves and the Board finds out that there is more cash available, if that cash could also be moved then. The Board consensus was that it could be Board action. A vote was had on the motion and it passed unanimously.

MITCHELL BUTTE POWER PROJECT.

Generation Report. A generation report for Mitchell Butte Power Plant was included in the Directors' packets. President Corn asked when the \$65,000 would be transferred out of Mitchell Butte's account and into Owyhee Irrigation District's account. Mr. Chamberlin said that the money will be transferred when it is needed.

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

Century Link	\$260.76
AT&T	70.24
Atlas Polar	96.70
Kinney & Keele	84.99
Toombs Janitorial	41.63
Kelly Moore	233.87
Nichols Accounting Group	<u>100.00</u>

Total \$888.19

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. Kemble handed out a financial report for the Tunnel #1 Power Project for the period ending January 31, 2012. The Directors reviewed the financial report.

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

Oregon-Idaho Utilities	\$	108.80
Century Link		45.00
Cate Industrial		9,269.15
Norco		246.91
AT&T		162.47
Toombs Janitorial		99.85
Riverside, Inc.		5,130.57
TML Service		77.12
Kelly Moore		306.28
Kinney & Keele		193.98
Nichols Accounting Group		<u>325.00</u>

Total \$15,965.13

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

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Kemble handed out a financial report for the Owyhee Dam Power Project for the period ending January 31, 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:

AT&T	\$90.21
Nichols Accounting	325.00
Oregon-Idaho Utilities	163.20
Stunz, Fonda, Kiyuna & Horton, LLP	100.60
Toombs Janitorial	41.63
TML Service	77.11
Century Link	93.86
SDAO	<u>840.00</u>

Total \$1,735.83

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

HYDRO REPORT. Tom Zittercob, Hydro Manager, gave a report on the Power Projects. He said that on the Tunnel Power Plant, the air compressor has been taken out, repaired, and put back in. He said that he is currently waiting for the system to be certified. He said that he is currently waiting for some parts and pieces from Riverside. He said that the crew did work and painting at the facility. Mr. Zittercob said that on the Dam Plant, the relay which was causing problems last year has been fixed. He said that he has gone through all of the relays at both plants. He said that it is his intent to tear down the Dam Plant next year. He estimates the tear down cost at \$100,000 if nothing is found to be wrong. He said that he has tried to do this every ten years and the last time it was done was 2001. He said that he will need some lead time on ordering wicket gates as they need to be specially made. He said that the road to the Dam Plant will also need to be put back in.

Mr. Zittercob said that on the Mitchell Butte Power Plant, he has just done the regular maintenance. He said that he did have a moss problem at the plant last year. The purchase of wicket gates for the Dam Plant was discussed. Mr. Zittercob said that the gates need to be ordered right away and he estimates that cost at \$35,000. He said that the price does include a couple of spares. Mr. Zittercob said that a butterfly valve could be used at the dam, but that it is a huge cost and there is no place to put it.

The backup power supply for the Dam Power Plant was discussed. Mr. Chamberlin said that he will check into the matter further. Director White asked if there should be a Joint Committee meeting in Homedale to authorize the ordering of the wicket gates. The matter was discussed and after discussion, it was the consensus of the Board to have a Joint Committee meeting as soon as possible.

At 11:26 p.m., Tom Zittercob left the meeting.

2012 BUDGET. Mr. Kemble said that the budget has been updated to bring it into line with the changes which the Board made when the annual water charges were set. A motion was made by Director White and was seconded by Director Nagaki that the 2012 budget be approved. Director Tschida asked about office supplies and Mr. Kemble explained. A vote was had on the motion which passed unanimously.

DAM MECHANICAL INSPECTION. Mr. Chamberlin said that the mechanical inspection at the dam which happens every few years is coming up this year and will occur on March 13, 2012. Mr. Chamberlin said that he anticipates that there will be some required repairs following the inspection. He said that he believes the inspectors will like the repairs which have been done.

NPDES UPDATE. Mr. Chamberlin gave an update on the NPDES permit. Mr. Chamberlin said that this is a permit for aquatic weed control. He said that a permit may also be required for ditch bank weed control. He said that there is a concern that the permit will not be ready when the District needs it since DEQ staff has changed. Mr. Manser said that last month there was a question with regard to an expense for mechanical weed control. He said that he looked into it and the money was for legal expense on the permit and the permit cost. Mr. Manser said there is a possibility that DEQ will issue one permit which will cover both aquatic weed control and ditch bank weeds. Mr. Manser said that there was a lot of vegetation floating last year and he does not want to see more this year. Mr. Chamberlin said that he will check into insurance protection for applicators in the event of third party lawsuits.

B2H UPDATE. Mr. Chamberlin gave an update on the B2H Project status. Mr. Chamberlin said that he attended a face to face meeting. He said that now that the NEEPA reports are in, there are a lot of documents coming out which he and Mr. Horton will need to be reviewing and commenting on. Mr. Chamberlin said that the local BLM manager will make the ultimate decision for the Federal Government on the siting of power lines on federal lands.

LOWER OWYHEE REHABILITATION PHASE 2 (NEWELL): Mr. Chamberlin said that the District has received half of the OWEB money for purchasing pipe for the Newell Project. He said the problem is that the pipe prices and fuel prices have gone up so much that he is not sure what will happen. President Corn asked when the pipe should be ordered. Mr. Chamberlin said that there have been two \$100,000 grants applied for by the District for installation if the District does not receive the \$300,000 USBR grant for installation. He said that he was told that the \$300,000 grant which was applied for may not be funded this year. Mark Carpenter said that he is not concerned with ordering the pipe until the Fletcher Gulch Project gets completed. He said that he is afraid with the increasing fuel and pipe prices that the grant money might be quite short.

SNOW AND WATER FORECAST. Mr. Chamberlin gave a report on the snow and water forecast. Mr. Chamberlin said that the snow pack is not good, but there is water in storage.

He said that the watershed is soaked up and a good storm could allow the reservoir to fill. He said that summer stream flows will be critical for a carryover at the end of this coming season.

OFFICE SERVICE FEES FOR WATER RIGHT TRANSFERS. Mr. Chamberlin handed out a proposed fee schedule for water right transfers. Director Tschida noted that the District will have to police on-farm changes in acreages. Mr. Chamberlin said that technology will end up making this easier for everyone to do. The proposed fees were discussed. A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried approving the fee schedule, a copy of which is attached to these minutes.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 12:10 p.m.

Respectfully submitted,

Michael W. Horton, General Counsel

APPROVED: _____

2/28/12
Trans for fee