

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

May 21, 2013

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on May 21, 2013, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:00 p.m. Jerry Nagaki, President of the District, presiding.

The following Directors were present:

Bruce Corn	Dan Tschida
Eric White	Frank Ausman
Jerry Nagaki	

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 May 17, 2013.

MINUTES. The minutes of the April 23, 2013, 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.

OWYHEE IRRIGATION DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out a monthly financial report for the District which was prepared by Nichols Accounting Group. The report was reviewed by the Directors. The Directors raised questions on the amount in the USBR Operating Reserves. Mr. Chamberlin said that Nichols Accounting and the auditor moved money into the reserve account in order to comply with the USBR contract. The Directors' consensus was that it was not the job of the accountants or the auditors to move the money since it was not budgeted for. The matter should have been brought to the attention of the Board which has ultimate authority over moving funds. A motion was made by Director Corn, seconded by Director Tschida, and unanimously carried that the amount in the reserve account is to be that amount which was passed by the Board in adopting its budget for the year.

Mr. Chamberlin said that last month a question was raised on the snow survey costs. He said that the line item was misplaced and was actually a charge for the dam for a hydro site. Director Corn asked about the possibility of costs for other hydro sites being passed through to the District due to the federal sequester or if those sites would be shut down.

Mr. Horton read language from the Amendatory Repayment Contract on required reserve accounts.

The amount of overtime paid out for the month was discussed. Mr. Chamberlin said it is the busiest startup since he has been here. Pipeline work was discussed.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Two lists of the District's accounts payable for the month were included in the Directors' packets. The lists were reviewed and discussed. Mr. Chamberlin said that the Kingman pump had to be repaired. A motion was made by Director White, seconded by Director Corn, and unanimously carried approving and ratifying payment of the accounts payable.

MITCHELL BUTTE POWER PROJECT.

Financial Report. The regular monthly financial report for the Mitchell Butte Power Project was included in the Directors' packets. The Directors reviewed the report. Mr. Chamberlin said that one unit is running partially.

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

Northwest Hydro Assoc	\$266.66
Oregon Idaho Diesel	37.27
Road Runner Towing	1,015.00
Riverside Inc.	33,954.65
California Electric	5,561.89
AT&T	67.82
Nichols Accounting Group	<u>110.00</u>
Total	\$41,013.29

A motion was made by Director Corn, 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. Chamberlin handed out a financial report for the Tunnel #1 Power Project for the period ending April 30, 2013. The Directors reviewed the report. Mr. Chamberlin said that according to Tom Zittercob, the plant will shut off in ten days if the weather patterns stay the same.

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

AT&T	\$107.02
Interstate Battery Center	61.88
Oregon Idaho Utilities	112.12
Northwest Hydro Assoc	266.67
Riverside Electric	7,903.19
California Electric	4,211.89
Nichols Accounting Group	<u>325.00</u>
Total	\$12,987.77

A motion was made by Director Tschida, seconded by Director Corn, 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 for the Owyhee Dam Power Project for the period ending April 30, 2013. The Directors reviewed the report. Mr. Chamberlin said the Dam Power Plant is running really good. He said that according to Mr. Zittercob, the plant is running better than when it was new. The work performed by Riverside Electric was discussed.

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

Northwest Hydro Assoc	\$266.67
Allied Insurance	348.00
Oregon Idaho Utilities	168.18
AT&T	41.06
California Electric	4,211.89
Verizon	177.29
Stunz, Fonda, Kiyuna & Horton, LLP	700.00
Riverside Inc.	4,207.25
Century Link	45.00
Nichols Accounting Group	<u>325.00</u>
Total	\$10,490.34

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

HAWKINS' ACCOUNT PENALTY INTEREST. Mr. Chamberlin said that Mr. Hawkins had not paid for water for a number of years and recently paid \$15,000 on a water bill which had not been paid for four years. He said that the account had a couple thousand dollars of interest accruing on it and Mr. Hawkins has asked if the interest could be waived due to his health conditions. Mr. Chamberlin said that he did allow the water to come on even though the account had not been completely paid. The Board discussed the matter and it was the consensus of the Board that it is the District's policy not to waive interest.

COLUMBIA RIVER TREATY. Mr. Chamberlin said that he attended a meeting in Boise on the Columbia River Treaty with Canada. He said that it does not look like it will be as intrusive as originally thought. He then reported on the meeting.

HEALTH INSURANCE UPDATE. Mr. Chamberlin passed around proposals on health insurance prepared by Chet Weichman, the District's health insurance broker. Mr. Chamberlin said that Mr. Weichman met with District staff and President Nagaki. He said that he presented different health insurance options for the District employees. The cost of the current policy is set to increase by 16%. The other available plans were reviewed and discussed. The impact to the

District and employees on increasing the deductible for health insurance was discussed. The available vision plans were also discussed. After a lengthy analysis and discussion, a motion was made by Director Tschida, and was seconded by Director Ausman that Owyhee Irrigation District select the PacificSource Silver L Plan with a \$5,000 deductible, along with the 10/300 Vision Plan. The Silver L Plan will decrease the District's health insurance premium cost by 3.1%. Mr. Chamberlin said that Mr. Weichman assured him that the change to the Silver L Plan complies with current health insurance laws. A vote was had on the motion which passed unanimously.

OWYHEE WATERSHED COUNCIL REPORT. Mr. Chamberlin said that Adena Green with Owyhee Watershed Council has resigned. He said the Council is now looking for a replacement. Mr. Manser said that the Council is also looking for someone to sit on their Board and that they would like someone from this Board to participate. Mr. Chamberlin said Adena Green did get the grant application in for the District and that the Newell Project should be taken care of.

OWYHEE FIELD DAY. Mr. Chamberlin reported on the recent Owyhee Field Day for fifth graders which went well.

PIPELINE PROJECTS. Mr. Chamberlin gave an update on pipeline projects throughout the District.

WATER SITUATION. The current low water situation was discussed. Mr. Chamberlin advised the Directors on the current storage levels. He said there have been some water disputes among landowners. He said that there are pumps showing up in the canals that should not be there. He said that he will investigate the situation further. Flow meters and pumps were discussed. Mr. Chamberlin said that he believes that the allotment should stay at three acre feet for now and that the Joint Committee could look at the water situation in 30 to 40 days.

Director Ausman said that the ditchriders need to realize that during a short water year, they need to be flexible in dealing with water users when the users call in on turning off their water. Mr. Chamberlin said that if further landowner disputes come up, he would like the Board member from the division within which the dispute arises to go with him to visit with the disputing landowners. Mr. Chamberlin went on to explain the water situations throughout the District. Director Tschida said that he had a water user approach him and ask why the District did not use prison workers to clean weeds. Mr. Chamberlin explained the past use of outside workers and liability and insurance issues. The water situation was discussed further and the Board consensus is that they are worried about next year.

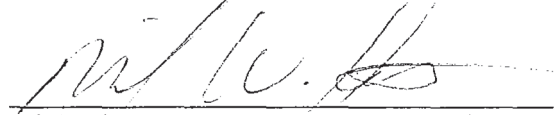
WESTERN ELECTRIC BILL. Mr. Chamberlin said that he has turned investigation of the Western Electric bill over to a USBR staffer.

NORTHWEST IRRIGATORS' TOUR. Mr. Chamberlin said that Northwest Irrigators are having a tour the end of August to Eastern Idaho. He encouraged the Board members to attend.

EQUIPMENT PURCHASES. Mr. Chamberlin said that he found a used dozer for sale which the District may be purchasing. Heavy equipment for the District was discussed.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 10:55 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Michael W. Horton", written over a horizontal line.

Michael W. Horton, General Counsel

APPROVED: _____