

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

April 17, 2012

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on April 17, 2012, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 7:30 p.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Bruce Corn	Dan Tschida
Jerry Nagaki	Eric White

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, Assistant District Manger; Mark Carpenter, District Engineer; and Linda Rowe, SWCD.

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 April 11, 2012.

MINUTES. The minutes of the March 20, 2012, meeting of the Board of Directors were mailed to the Directors prior to the meeting. A motion was made by Director Nagaki, seconded by Director Tschida, and unanimously carried approving the minutes as mailed.

FLETCHER PROJECT. Linda Rowe gave an update on the Fletcher Pipeline Project. She said that on the Barlow issue, all that OWEB cares about is that the pipe is in the ground. Mark Carpenter said that the Barlows did a lot of work on the project. President Corn asked what needs to be done to protect the air vents. Mr. Carpenter said that Charlie Barlow will be installing concrete pipes that will protect the vents. Mr. Carpenter said that no one that is going to use pressure is hooked up yet. He said that he had pressured up the system and that when he did so, one pressure relief valve leaked, which is being fixed. He said that when it was first turned on, the pressure relief valves were not set completely and that the valves were spraying when it was pressured up. He said that all of that has been resolved and that the system will be pressured back up Thursday morning. He said that everything looks great. He said that the farmers on the system are getting their systems together. He said that the drain for the system has been tested and worked well.

Mr. Chamberlin said that he met with USBR to resolve right of way issues. He said that all of the laterals will have a federal right of way. He said that there will be an agreement with Barlows that they control their lateral until their land is divided, at which time the District will take over control. He said that he may need Mr. Horton to draw up an agreement. He said that USBR is working on the right of way documents. He said that if the property is divided or separated, measuring devices will be required. Linda Rowe said that she is holding the final funds until all the final bills come in and she will then close out the grant and get final payment to the District, which will take about four weeks. Mr. Chamberlin asked to be involved in the final

writeoff. Linda Rowe said that after this occurs, she is then required to monitor the project for two years.

NEWELL PIPELINE PROJECT. Mr. Chamberlin said that that bids for the pipe went out and came in a lot lower than the original quotes. He said that the bids came in low enough for the 30 and 27 inch pipe that a change order went out for the 24 inch pipe to get up Borge Lane to Riverview Road.

Mr. Chamberlin said that Warrington was the low bidder. Mr. Carpenter said that all of the bids were reviewed and that the Warrington bid met all specifications and was the low bid. A motion was made by Director Tschida, seconded by Director White, and unanimously carried awarding the bid to Warrington Irrigation and approving the first change order. Mr. Carpenter said that pipe is already being shipped. He said that he is finding spots along the line to stage materials. The need to have insurance coverage on the stored pipe was discussed. Mr. Chamberlin said that he will speak to Ray Waldo about making sure that the pipe is insured.

The next sections on the Newell Pipeline Project were discussed. Mr. Chamberlin said that OWEB has asked that grant applications be broken up for the next portion of the grant and that Adena Green has written a grant for the West half of the project at \$225,000. He said that she will submit an application for the East half in the next grant cycle.

USBR GRANT. Mr. Manser said that USBR had sent the District's grant application to the local office to check for red flags. Mr. Manser said that this is a good sign. Mr. Chamberlin said that he met with landowners and explained the rights of way. He said that the meeting went well. He said that he is taking a much more proactive approach with growers and landowners on this project.

Linda Rowe said that EPA has listed Fletcher Gulch as a 303D waterway for Thalium. Mr. Chamberlin explained that this is part of a broad EPA listing throughout the state of Oregon. He said that there is a comment period and he and SWCD will be submitting comments.

Director Tschida said that he wants the District to be sure that the pipe for the project is insured until it is installed.

At 8:07 p.m., Linda Rowe and Mark Carpenter left the meeting.

OWYHEE IRRIGATION DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out a financial report for the District for the period ending March 31, 2012. The Directors Reviewed the report. Mr. Chamberlin said that assessments have been slow coming in. He said that a lot of that has been weather related. He said that approximately 25% of the assessments still have not come in.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. A list of the District accounts payable were in the Directors' packets. Mr. Manser stated that the District bought a bunch of tires and a lot of concrete. He said that they are using the District concrete truck and

that it has been a big help. He said that the District is still having some issues with Nichols Accounting on getting the items properly listed in the right category. Mr. Chamberlin or Mr. Manser will speak with Lori at Nichols Accounting to get things straightened out. A motion was made by Director White, seconded by Director Nagaki, and unanimously carried approving payment of the Owyhee Irrigation District bills.

MITCHELL BUTTE POWER PROJECT.

Generation Report. The financial report for Mitchell Butte Power Project was included in the Director's packets. Mr. Chamberlin said that the units are up and running and running fine. President Corn said that the District may not want to take much more money out of the Mitchell Butte account if the Board is wanting to build up a fund to rebuild the facility.

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

Century Link	\$123.93
Northwest Hydroelectric	266.67
Owyhee Irrigation Dist.	83.16
Riverside Inc.	433.32
Nichols Accounting Group	<u>100.00</u>
Total	\$1,012.08

A motion was made by Director Tschida, seconded by Director Nagaki, 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 Power Project for the period ending March 31, 2012. The Directors reviewed the report. Mr. Chamberlin said that the Tunnel Power Plant is running and that there was an issue before it started, which turned out to be a setting on a switch. He said that once the issue was resolved, the plant has been up and running good.

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

PIG	\$107.39
Owyhee Irrigation	144.96
EC Power	403.96
Riverside Inc.	2,775.00
Northwest Hydroelectric	266.67
Western Integrated Tech	731.84
Nichols Accounting Group	<u>325.00</u>
Total	\$4,816.99

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. Chamberlin handed out a financial report for the Owyhee Dam Power Project for the period ending March 31, 2012. The Directors reviewed the report. Mr. Chamberlin said that the plant is up and running smooth. President Corn said that the project may need to carry over as much water as it can at the end of the year.

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

Nichols Accounting	\$325.00
Verizon	83.72
Northwest Hydroelectric	266.66
EC Power Systems	555.90
Stunz, Fonda, Kiyuna & Horton	1,623.56
Century Link	<u>45.00</u>
Total	\$2,899.84

Director Tschida asked about the Nichols Accounting billing and if it is broken down. Mr. Chamberlin said it is a flat fee. A motion was made by Director Tschida, seconded by Director Nagaki, and unanimously carried that the accounts payable for the Owyhee Dam Power Project, be paid.

NEWELL PROJECT. President Corn said that he has issues with possibly subbing out the laying of pipe on the Newell Project. He said that the District received grant money for equipment to be used on the project and he would like to see the work done by District staff. Mr. Chamberlin said that some of the work may have to be subbed out depending upon the logistics and whether or not the District will have sufficient manpower. He said that he is not to the point yet to know if he will be wanting to sub it out or how much of the work he will want to sub out, if any. He said that the weather helped out this year on the Fletcher Project. President Corn said that prevailing wage in subbing out the work is also an issue. Mr. Manser said that after the Fletcher project is completed, he will be able to tell the price per foot for what the District can lay pipe. The matter was discussed. Mr. Chamberlin said that he should know if the USBR grant will be awarded in the next 30 days.

B2H UPDATE. Mr. Horton gave an update on the B2H Project. He said that he and Mr. Chamberlin are in the process of reviewing and commenting on resource reports.

MANAGER'S REPORT. Mr. Chamberlin said that he is looking at getting Cliff Sebasto a replacement service truck with a boom. He said that used trucks are between \$35,000 to \$50,000.

He said that only \$35,000 total has been budgeted for vehicles. He said that there is \$12,000 in the equipment reserve fund and he would like to use some of those funds to purchase the service truck. The matter was discussed. Mr. Chamberlin passed around photos of a service truck that he would like to possibly purchase. Director White that he would like to wait to see if the USBR grant comes in. Director Tschida said that he would hate to miss out on this truck. The matter was discussed and after discussion, it was the consensus of the Board to wait to see if the USBR grant comes in and if it does come in, Mr. Chamberlin is authorized to move ahead with the purchase of a service truck.

USBR HYDRO SITES. Mr. Chamberlin said that USBR has come out with a hydro site report. He said that he had a lot of concerns with the report since it has now gone public and is basically a blueprint for companies wanting to come in and file FERC claims throughout the project. Mr. Chamberlin and Mr. Horton summarized the report and told the Board of their concerns. President Corn said that the District will have to look at each FERC filing as it comes in and determine if it makes sense for the District to use its priority and possibly proceed on each project. Mr. Chamberlin said that he is mainly upset that in the report it appears that the Federal Government's position is that it owns all of the rights.

STATE INTEGRATED WATER PLAN. Mr. Chamberlin said that the State Integrated Water Plan is going before the Oregon Water Resource Commission for possible approval. Mr. Chamberlin explained the potential impact of the plan.

HIGHWAY TO DAM. Mr. Chamberlin said that public meetings have been held on the highway up to the dam. He said that he has been appointed to a committee studying the issue. He said that BLM's position is that the county has a thirty-five foot road right of way, which is the old railroad bed and otherwise anything outside of that right of way would require a NEPA study. He said right now the committee is looking at traffic counts.

CHECK FORGERY. Mr. Chamberlin said that one of the irrigation district checks was forged. He said that it came up in the Seattle area. He said that the account has been flagged and he assumes that one of the vendor's employees copied a District check and then altered the copy. He said that he will be contacting local law enforcement.

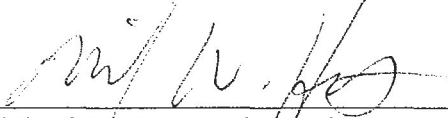
WATER FORECAST. Water forecast reports were in the Director packets. The NRCS report predicts stream flows of only being 25% of normal.

BOARD COMMENTS. President Corn said that he spoke to Monty Culbertson about automating some of Old Owyhee sites. Mr. Chamberlin said that he has mixed feelings on OID helping on that. The matter was discussed. Director Tschida asked Mr. Chamberlin on where he is at on looking at floating bridges for accessing the Dam Power Plant. Mr. Chamberlin said that he has not started looking yet.

OWYHEE WATERSHED DAY. Mr. Chamberlin said that Owyhee Watershed Day is coming up. He said that the event will be up at the State Park rather than at the Dam Compound.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 9:48 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____