

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

February 17, 2015

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on February 17, 2015, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:04 a.m. Jerry Nagaki, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Bruce Corn
Frank Ausman	Dan Tschida (who joined the meeting at 10:34 a.m.)
Eric White	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, OID Assistant Manager; and Larry Meyer, Argus Observer.

MEETING NOTICE. The meeting agenda showed that public notice as to the meeting was given on February 12, 2015.

MINUTES. The minutes of the meeting of the Board of Directors held on January 20, 2015, were mailed to the Directors prior to the meeting. A motion was made by Director Ausman, seconded by Director Corn, and unanimously carried approving the minutes as mailed.

DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out two financial reports for Owyhee Irrigation District. One of the reports was for the year end and the other report was for the month of January. The reports were reviewed by the Directors. Mr. Chamberlin noted that diesel fuel has been purchased. President Nagaki noted that the Irrigation District finished the year 2014 \$265,086.84 in the black. He thanked Mr. Chamberlin and District staff for their hard work in staying within budget.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Two lists of the District's accounts payable for the month were included in the Directors' packets. The Directors reviewed, discussed, and asked questions about specific items on the lists which Mr. Chamberlin and Mr. Manser answered. A motion was made by Director White, seconded by Director Corn, and unanimously carried approving payment of the accounts payable.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin handed out an annual financial report from Nichols Accounting for the Mitchell Butte Power Project. The Directors reviewed the report. Mr. Chamberlin noted that work is being done on one of the units at Mitchell Butte. He said that District staff and Director White met with Riverside Electric staff on startup procedures for the

Mitchell Butte Power Plant. Mr. Chamberlin then explained the planned management of the Mitchell Butte Power Plant for the coming year. The financial report shows a loss for the Mitchell Butte Power Project for the 2014 year of \$94,080.82 which includes depreciation of \$58,892.

Accounts Payable. The agenda for the meeting listed accounts payable for the Mitchell Butte Power Project. A motion was made by Director Ausman, seconded by Director White, and unanimously carried approving payment of the following accounts payable:

Idaho Power Solutions	\$931.55
Century Link	131.75
Nichols Accounting	<u>100.00</u>
Total	\$1,163.30

OWYHEE IRRIGATION DISTRICT ANNUAL PATRON MEETING. The Directors discussed setting the date and time of the annual patron meeting. Mr. Chamberlin said that the meeting will be at the Four Rivers Cultural Center in Ontario, Oregon. After discussion, it was determined that Owyhee Irrigation District will meet at 10:00 a.m., on March 17 with the Joint Committee meeting at 11:00 a.m., and the patron meeting occurring at 1:30 p.m., with the Old Owyhee Board invited.

CANAL OPERATION DURING UPCOMING DROUGHT YEAR. Mr. Chamberlin explained that District staff members are working through operationally how to operate the system this coming season. Potential crop planning and the impact on the system were discussed. Early temporary checks were discussed. There was a lengthy discussion on keeping the water allocation fair throughout the system. Director Tschida said that the upper end of the system cannot continue to pull water when the lower end of the system is dried up. Ways to potentially alleviate the drought impact were discussed. Mr. Chamberlin noted that there is no way to guarantee the length of the irrigation season. The Board members discussed the possibility of limiting the top end of the system to 5/8 inch to 1/2 inch at the start of the season. Mr. Chamberlin noted that the allotment last year probably should have been limited to 1.5 acre feet.

WATER TRANSFERS. Mr. Chamberlin said that he is thinking of limiting water transfers within the same ditch ride or to the next lateral. He said that he would like to see the Board of Directors set a cutoff date for when water transfer applications can be in. Dates were discussed. Director Tschida said that he does not want to see the District allow water transfers at all. Mr. Chamberlin said that if a drought declaration is made, state law will allow water transfers should the Board decide to allow them. Further discussion on water transfers and a possible date on limiting the application for them was held. After discussion, a motion was made by Director White and seconded by Director Ausman to allow transfers if a drought declaration is declared and to set the cutoff date to June 15. A vote on the motion was held. Directors Nagaki, Ausman, Corn, and White voted in favor of the motion. Director Tschida voted against and the motion passed four to one.

WATER ACCOUNTING. Mr. Chamberlin said that the software which does the water accounting for the District will be brought online to allow growers to access their accounts, along with ground which they rent, sometime this year.

EQUIPMENT PURCHASES. Director Corn said that the dozer which the District recently purchased looks really good and it looks like the District got a great deal on the purchase. Mr. Chamberlin said that there is another dozer available for a similar deal. The details of the possible purchase of a second dozer were discussed. After discussion, it was the consensus of the Directors to purchase the second dozer.

MEETING RECESS. At 12:10 p.m., the meeting was recessed to reconvene following lunch and the Joint Committee meeting.

MEETING RECONVENED. At 2:12 p.m., the Owyhee Irrigation District Board of Directors' meeting was reconvened.

SURPLUS VEHICLE. Mr. Manser said that a 2004 Chevrolet pickup used at the dam needs to be surplused. Mr. Horton noted that the Joint Committee has voted to surplus the vehicle, but since it is owned by Owyhee Irrigation District, the District should also pass a motion to have the vehicle surplused. The motion was made by Director White, seconded by Director Corn, and unanimously carried determining that the 2004 Chevrolet pickup used at the Owyhee Dam is surplus property and authorizing its sale.

MITCHELL BUTTE AND RIVERSIDE ELECTRIC. President Nagaki briefed the Board of Directors on the meeting which he and District staff had with Riverside Electric on the operation of the Mitchell Butte Power Plant. He noted that Riverside Electric is interested in possibly taking over ownership of the facility. Mr. Chamberlin said that he is having attorney Joe Miller review possible scenarios with Mitchell Butte Power Plant's Licensing and Power Sales Agreement. He is also looking into the potential to change from a FERC license to a USBR license.

SDAO TRAINING. Mr. Chamberlin reported on the recent SDAO Conference which he, Kris Ward, and Mr. Horton attended. He said that it was good training and that it was good to have Mr. Horton attend. Mr. Chamberlin and Mr. Horton updated the Board on Workers Compensation training which they learned at the conference.

HEALTH INSURANCE. Mr. Chamberlin said that SDAO is now operating its own self-insured health insurance program. He said the District should be seeing a reduction in premiums of about 15%.

PERS. President Nagaki asked about the PERS audit which occurred last year. Mr. Chamberlin said that the information from the audit has been submitted and it does not look like it will be as much of an expense to the District as initially thought. He said that he is waiting to hear back from PERS.

PUMPING PLANTS. Mr. Chamberlin said that District staff will be looking at a future goal of eventually automating the pumping plants.

TWILIGHT PIPELINE GRANT. Mr. Chamberlin said that he has not heard anything yet with regard to the status of the Twilight Pipeline Grant Application.

MOWERS. Mr. Manser said that he received quotes for a flail mower using a John Deere tractor and a Tiger mower for the smaller laterals. He said that the quote is \$127,390. The Board members discussed the quote and directed Mr. Manser to check into used equipment and the possibility of leasing a machine.

PENSTOCK COATINGS. Director Ausman said that the coatings on the penstock look excellent. He said that the work done by District staff has been above and beyond. He said that the staff members who did the work deserve recognition for their hard work. Mr. Chamberlin said that there is one more penstock to be coated and that they are currently waiting on materials. He said that he is looking at using the same crew to do coatings on the Malheur Siphon next season. Mr. Manser said that some test samples may be done at the Snively and Malheur Siphon before the water comes in. The Snively Siphon work priority was discussed.

GUARD GATE #8. Mr. Chamberlin reported that Guard Gate #8 is now working. He said that it appears that once the pressure of the water came up, it allowed the gate to open.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 3:00 p.m.

Respectfully submitted,


Michael W. Horton, General Counsel

APPROVED: _____

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

February 17, 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 February 17, 2015, at 1:05 p.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

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

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

MEETING NOTICE. The meeting agenda showed that public notice of the meeting was given on Feb 12, 2015.

MINUTES. The minutes of the meeting of the Joint Committee held on January 20 2015, were mailed to the Committee members prior to the meeting. An error in the minutes was noted. The minutes were corrected. A motion was made by Mr. Tschida, seconded by Mr. Landa, and unanimously carried approving the minutes as corrected.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel Power Project for the month ending in January. The Committee Members reviewed the report.

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

Oregon-Idaho Utilities	\$.36
Nichols Accounting	<u>325.00</u>
TOTAL	\$325.00

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project for the month of January. The Committee Members reviewed the report.

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

Oregon-Idaho Utilities	\$155.57
South Board of Control	1,344.00
Stunz, Fonda, Kiyuna & Horton	2,136.72
Bruce Corn	741.00
Frank Ausman	698.75
Jerry Nagaki	750.00
Dan Tschida	750.00
Eric White	689.00
Nichols Accounting	<u>325.00</u>
Total	\$7,590.04

POWER ALLOCATION MEETING. Mr. Horton said that staff are still waiting on a meeting on power allocation before reporting to the Joint Committee.

DATE AND TIME OF NEXT JOINT COMMITTEE MEETING. It was determined that the next meeting of the Joint Committee will be on March 17 at 11:00 a.m., at the Cultural Center in Ontario, Oregon.

MOU WITH OLD OWYHEE DITCH COMPANY. Mr. Horton and Mr. Chamberlin gave an update on the MOU with Old Owyhee Ditch Company. They reported on the meeting which happened in January with USBR staff. Following that meeting, the managers of the Irrigation Districts met with a USBR staff member to discuss details of the MOU. Mr. Horton said we are now waiting to hear back from USBR for another meeting to work out further details of the MOU.

WATER MANAGEMENT FOR UPCOMING SEASON. Mr. Chamberlin said that he would like to see the Joint Committee discuss how the water will be managed during the upcoming season given the strong likelihood that the project will be in another year of drought. A lengthy discussion on the matter was held. After discussion, it was determined that the Irrigation Districts will need to work closely together in managing the limited resource.

JAY CHAMBERLIN SNOW COURSE FLIGHT. Mr. Chamberlin said that he and Clancy Flynn recently flew the snow course for the Owyhee Water Shed. He said that they are very disappointed and that there is hardly any snow out there. Mr. Chamberlin said that his concern for the upcoming season is limited stream flows. He said that the water situation may be worse than it was last year.

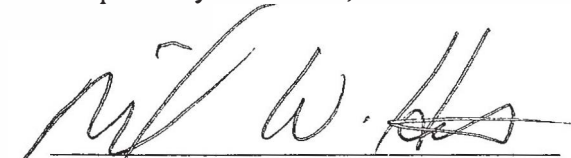
STREAM FLOWS FORECAST. Mr. Chamberlin passed around handouts on stream flow forecasts and storage levels. Mr. Chamberlin said that the weather forecast for 60 to 90 days out is disappointing. He then presented the USBR and NRCS Stream Flow Forecasts which Mr. Chamberlin said are not good and appear to be overly optimistic. He noted that precipitation has been coming as rain instead of snow. Comparable snow pack years for this time of year are 1992 and 2014. Mr. Chamberlin noted that local temperatures for the month of February have set record highs. He said the National Weather Service is forecasting high pressure which is keeping precipitation out. Mr. Chamberlin said that the forecast from March through May is for normal precipitation, but higher than normal temperatures. He said there will be another meeting with weather forecasters on March 13. Mr. Chamberlin said that he would estimate that if the reservoir gets to 180,000 acre feet of storage, that the allotment would be around 1.5 acre feet.

TURNON/TURNOFF DATE. Mr. Nielson noted that it was too early to set either turnon or turnoff dates. Mr. White said that the Joint Committee will probably need to have special meetings to set a turnon date. Mr. Chamberlin said that all that can be said to the growers is that it looks similar to last year.

SURPLUS VEHICLE. Mr. Manser noted that a 2004 Chevrolet pickup used up at the dam needs to be surplused. A motion was made by Mr. White, seconded by Mr. Nielson, and unanimously carried declaring the 2004 Chevrolet pickup, Licence #247939 as surplus and authorizing its disposition. Mr. Chamberlin noted that the pickup, though used at the dam, is titled and paid for by Owyhee Irrigation District.

ADJOURNMENT. There being no further business, the meeting was adjourned at 2:10 p.m.

Respectfully submitted,


Secretary

APPROVED: _____