

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

November 20, 2012

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 November 20, 2012, at 10:18 a.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

Frank Ausman
Eric White
Dan Tschida
Rick Smith (South Board Alternate)
Brett Nielsen
Bruce Corn, (OID Alternate)

Also present were: Jay Chamberlin, Manager of the Hydro Projects; Michael W. Horton, Attorney and Secretary of the Joint Committee; Ron Keester, South Board Manager; Tom Zittercob (who joined the meeting at 10:23 a.m.), Hydro Manager; and Harvey Manser, OID Assistant Manager.

MEETING NOTICE. The agenda noted that a notice was sent out on November 13, 2012, to the media as to the time, date, and place of the meeting.

MINUTES. Mr. Horton read the minutes of the meeting of the Joint Committee held on August 21, 2012. A motion was made by Mr. White, seconded by Mr. Smith, and unanimously carried approving the minutes as read.

WATERSHED FIRES. Mr. Chamberlin said that he has not yet flown the Owyhee Project Watershed to assess the impact of the summer wildfires.

COATINGS ON JET FLOW VALVE PENSTOCKS. Mr. Chamberlin said that he has been speaking with a contractor on the possibility of having coatings put on the three jet flow valve penstocks. He said that hopefully the work can be done in the fall of 2013. He said that the estimate which he has received is between \$60,000 and \$65,000 to do all three jet flow penstocks. Mr. Chamberlin said that Owyhee Irrigation District may have other coating work to be done at that time.

At 10:23 a.m., Tom Zittercob joined the meeting.

Coating work for the penstocks was discussed. Mr. Smith said that his district has budgeted for the work. Mr. Chamberlin said that OID will most likely budget for the work when they do their budget for next year.

TRI-STATE MEETING. Mr. Keester reported on a Tri-State meeting which he attended which discussed aquatic chemicals. Mr. Chamberlin said that there is an Oregon environmental group which has filed a lawsuit against Oregon DEQ on its proposed NPDES permit. Mr. Chamberlin said that the judge has dismissed the lawsuit. He said the proposed permit is still in the comment stage.

B2H REPORT. Mr. Horton and Mr. Chamberlin gave a report on the current status of the proposed Boardman to Hemingway Idaho Power Transmission Line.

BLM SOUTHERN/EASTERN OREGON RESOURCE MANAGEMENT PLAN. Mr. Chamberlin said that he received a letter from BLM on a new resource management plan to manage the BLM lands within the Owyhee Project Watershed. He said that BLM is proposing to amend the plan because of the recent wildfires and their impact on sage grouse. Mr. Chamberlin then gave an update on environmental groups' activities in the area.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel #1 Power Project prepared by Nichols Accounting Group for the period ending October 31, 2012. The report was reviewed by the Committee members. Mr. Chamberlin said that he spoke to SELP representatives and Nichols Accounting about the monthly payments and that the sum of \$118,652.00 per month is the correct amount.

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. Corn, seconded by Mr. Tschida, and unanimously carried approving payment of the following accounts payable:

Century Link	\$112.62
McGowan Computers	12.00
OWRD	3,758.04
Nichols Accounting Group	<u>325.00</u>
Total	\$4,207.66

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project prepared by Nichols Accounting Group for the period ending October 31, 2012. The report was reviewed and discussed by the Committee members. Mr. Zittercob reported that the wicket gates for the Dam Power Plant have arrived.

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

Toombs Janitorial	\$81.01
OWRD	2,220.28
McGowan Computers	12.00
V-1 Propane	370.79
Oregon-Idaho Utilities	140.00
Century Link	45.00
Stunz, Fonda, Kiyuna, Horton	450.00
Nichols Accounting Group	<u>325.00</u>
Total	\$3,644.08

WATER SHUTOFF DATE. Chairman Ausman said that he would like to discuss the process for determining water shutoff dates for the Owyhee Project. He said that there was some mis-communication between the North and South Boards with regard to the fall 2013 shutoff date. He said that if one district is going to make sacrifices, all of the districts need to be together in the same boat. He said that the project needs to keep flexibility when the shut-off date is set. The situation for this last year was discussed. Mr. Chamberlin reminded everyone that the Owyhee Ditch Manager came to Owyhee Irrigation District and asked them for a shutoff date a week earlier than what was tentatively scheduled. The process which then occurred was discussed. Mr. Chamberlin said that in the future, he would like to see Owyhee Ditch be involved in the shutoff date meeting. The matter was discussed. Ron Keester said that there will be a lot of corn planted next year in the South Board area that will need a lot of late water. After discussion, it was the consensus of the committee members to have a September meeting to discuss the water shutoff date and have Owyhee Ditch board members attend.

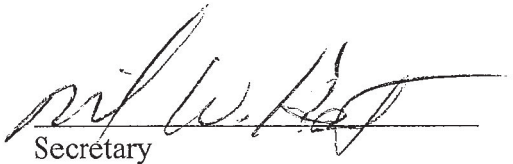
COUNTY ROAD TO DAM. Mr. Chamberlin explained that he sits on a committee which is studying the county road to the dam. He then gave a report on the committee's activities. He said that the committee will be making a report to the Malheur County Commissioners tomorrow on their findings. Mr. Chamberlin said that that he will be advising the County Commissioners that the road needs repairs, that BLM has not participated with regard to the road while the Bureau of Reclamation has, and he will ask the county to put improvements to the road in its next transportation plan. The county road to the Owyhee Dam was discussed.

OWYHEE DAM POWER PLANT REPAIRS. Mr. Zittercob reported on the repairs being done to the power plant unit at the Owyhee Dam Power Plant. He said that the wicket gates are being replaced. He said that there have been some items which have come up during that work. He said that there are some bearings and seals that need repaired and/or replaced. He said that the unit is out and is at Riverside's shop in Parma

being worked on. Mr. Zittercob said that he would like to have the committee members travel to the Riverside shop and view the disassembled parts and new wicket gates. Mr. Zittercob went on to explain the work which has been done so far and the issues which have been found. He then reported on the plan for further work to be done. He said that he initially estimated \$100,000 for the work and he believes that there may be an additional \$50,000 more in costs. Mr. Zittercob reported that overall for this many years of running, the machine is in great shape.

RIVERSIDE TOUR. At 11:50 a.m., Chairman Frank Ausman declared the meeting adjourned and the committee members traveled to Riverside's shop in Parma, Idaho to view the Owyhee Dam Power Plant pieces.

Respectfully submitted,


Secretary

APPROVED: _____

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

November 20, 2012

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on November 20, 2012, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:04 a.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Bruce Corn	Dan Tschida
Eric White	Frank Ausman

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, Assistant Manager; Ron Keester, South Board Manager; Brett Nielsen and David Shenk from South Board; and David Ishida, OID Employee.

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 November 13, 2012.

MINUTES. The minutes of the October 23, 2012, meeting of the Board of Directors were mailed to the Directors prior to the meeting. President Corn noted a correction to the minutes on page 3 under the heading "Newell Pipeline Project." The contract for installing some of the pipe on the Newell Pipeline Project referred to Warrington Irrigation and it should have been Warrington Construction. The minutes were corrected. A motion was made by Director Tschida, seconded by Director White, and unanimously carried approving the minutes as corrected.

DAVID ISHIDA SICK LEAVE REQUEST. David Ishida said that he needs 80 to 100 hours of extra sick leave as he has had to have brain surgery. He said that some of the employees may help him out on the extra hours needed. Director Tschida noted that this would be a little over a year's worth of sick leave being extended. The matter was discussed and after discussion, it was the consensus of the Board to have the District help out with what is needed and that Mr. Ishida should work with District management.

At 10:07 a.m., President Corn declared the meeting in recess to reconvene after the Joint Committee meeting and lunch.

MEETING RECONVENED. At 1:35 p.m., the meeting was reconvened. Present were Directors Corn, Ausman, Tschida, and White. Also present were Jay Chamberlin, Michael W. Horton, and Harvey Manser.

MITCHELL BUTTE POWER PROJECT.

Generation Report. Mr. Chamberlin noted that the generation report for the Mitchell Butte Power Project was included in the Directors' packets. The Directors reviewed the report.

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

McGowan Computers	\$12.00
Century Link	932.00
Nichols Accounting Group	<u>110.00</u>
Total	\$1,054.00

A motion was made by Director White, seconded by Director Tschida, and unanimously carried that the accounts payable for the Mitchell Butte Power Project be paid.

OWYHEE IRRIGATION DISTRICT FINANCIAL REPORT. The financial report for the Owyhee Irrigation District for the month ending October 31, 2012, was reviewed by the Directors. Mr. Chamberlin said that concrete, liner, overtime, and fuel prices have all been having a negative impact on the budget. Mr. Manser said that the District has received the Fletcher Gulch grant monies. Mr. Chamberlin said that the District has almost \$700,000 in the bank to get through next spring when the money from the water bills start coming in. Mr. Chamberlin said that he does not have a proposed budget yet as prices are a moving target and that the District has had some large project expenses and no chemical inventory. Director Ausman said that it looks like District management is managing close to the budget and that it is best to repair things right so that the District does not have to go back later. He said that that District does have reserves if needed.

KINGMAN LATERAL. Mr. Chamberlin reported on work being done on the Kingman Lateral. Harvey Manser said that work is being done where there have been ditch breaks and leaks in the past. Mr. Chamberlin said that a fabric liner is being used.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. A list of the District's accounts payable for the month was included in the Directors' packets. The list was reviewed, questioned, and discussed by the Directors. Mr. Chamberlin said that he estimates a health insurance premium increase of 15% next year. He said that he does not think that the PERS increase will be that bad this year. A motion was made by Director Ausman, seconded by Director White, and unanimously carried approving payment of the accounts payable.

NEWELL PIPELINE PROJECT. Mr. Chamberlin said that Warrington Construction has not started the pipe installation yet. He said that he anticipates that work will begin after Thanksgiving. Mr. Chamberlin said that the other part of the project is moving along. He said that the bid for the pipe is out for the West portion of the work. Funding for the project and grants were discussed.

2013 BUDGET. Mr. Chamberlin said that he wants to get the budget done at one time and get it in the mail before next month's meeting. He said that things are not looking good with the expense increases. He said that the District may be looking at a \$4.00 per acre increase. Fuel usage, storage, and costs were discussed. Mr. Manser said that the GSA pickup truck prices have doubled. Mr. Chamberlin said that a medium-sized dozer is needed. He said that if a bigger dozer is needed, the District is better off renting, but the District then runs the risk of availability. The matter was discussed.

PUMPING PLANTS. Mr. Chamberlin said that some of the pumps from the pumping plants have been pulled down and looked at. He said that he does not know what condition they are in yet. He said that preventive maintenance work will be done.

NPDES PERMIT. Mr. Chamberlin gave an update on the NPDES permitting process and its current status.

TRASH SCREENS. Mr. Chamberlin said that while he was in Dillon, Montana, there were some old trash screens that did not work for their system and were decommissioned. He said that he has inspected the screens and they can probably be purchased for a minimal amount and could be used by the District.

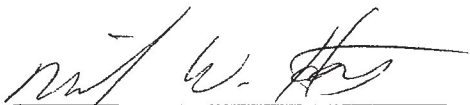
WATER FORECAST. Mr. Chamberlin said that it is too early to begin making a water forecast, but that the watershed is picking up moisture.

OWRC MEETING. Mr. Chamberlin said that the annual conference for OWRC is coming up and he invited the Board members to attend.

OREGON WATER RESOURCE COMMISSION POSITION. Mr. Chamberlin said that Charlie Barlow's term on the Water Resource Commission is ending and that his position will become vacant. He said that there is a need for a local person to be on the commission. He said one of the things the Commission is looking at is the implementation of imposing an annual fee on water right holders. The matter was discussed.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 2:30 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____