

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

August 12, 2015

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on August 12, 2015, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, at 106 Main Street, Nyssa, Oregon, at 8:25 p.m. Jerry Nagaki, President of the District, presiding.

The following Directors were present:

Jerry Nagaki	Bruce Corn	Eric White
Frank Ausman	Dan Tschida	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, OID Assistant Manager; J.L. Eldred, OID Watermaster; and Linda Rowe, SWCD.

MEETING NOTICE. The meeting agenda showed that public notice as to the meeting was given on August 7.

WATER ALLOTMENT. The Board of Directors discussed water usage between the North Board and South Board. Mr. Chamberlin said that investing in good water measurement is critical.

MINUTES. Minutes of the Board of Directors meeting held on July 21, 2015, were read by Mr. Horton. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried approving the minutes as read.

TWILIGHT PIPELINE PROPOSAL. Mr. Chamberlin said that the Water Smart Grant with USBR for the installation costs of the proposed Twilight pipeline project fell through. He said that the project ranked high with OWEB on the materials grant and it may come through. Linda Rowe said that we should hear on the OWEB Grant in the next couple of weeks. Mr. Chamberlin said that the pipe needs to get into the ground. Linda Rowe said that the overall project is about three miles. The project was discussed. Mr. Chamberlin said that he does not yet have an installation cost estimate. He said the project could get started this fall. Linda Rowe said the District would have two years to install the pipeline after the award date. The matter was discussed further and after discussion, it was the consensus of the Board to move forward with the project. At 8:40 p.m., Linda Rowe left the meeting.

DISTRICT FINANCIAL REPORT. Mr. Chamberlin said that the financial report is not yet completed.

DISTRICT ACCOUNTS PAYABLE. Two lists of the District's accounts payable for the month were included in the Directors' packets. The Directors review, discussed, and asked questions about specific items on the lists. Mr. Chamberlin said that he will check into the paint purchases and report back to the Board. District phones and radios were discussed. A motion was made by Director White, seconded by Director Ausman, and unanimously carried approving and ratifying payment of the accounts payable as presented.

MITCHELL BUTTE POWER PROJECT.

Financial Report. Mr. Chamberlin said that the financial report is not yet available. Mr. Eldred said that the Mitchell Butte Power Plant was just turned off. He said that it ran well this year.

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

AT&T	\$0.09
FERC	2,506.68
Century Link	133.50
Owyhee Irrigation District	18,178.81
Nichols Accounting Group	<u>110.00</u>
Total	\$20,929.08

SDAO TRAINING. Mr. Chamberlin said that SDAO is having a training in Baker City on September 14. Director White said that he will attend the training.

MITCHELL BUTTE BREAKDOWN ON ADMINISTRATIVE COSTS. Mr. Chamberlin provided a breakdown of administrative costs incurred by the District relating to the Mitchell Butte Power Project. He said that these breakdowns and cost allocations are going to start being done on a regular basis.

FRY FOODS. Mr. Chamberlin said that he met with USBR staff on the Fry Foods proposal and that the meeting went well. He said that he then met with Ron Jacobs, the State Watermaster, and he said that the state will have to approve of the proposed water changes by Fry Foods. Mr. Chamberlin said that he is moving forward on the matter.

DELINQUENT ACCOUNTS. Mr. Chamberlin reported that District staff are working on collecting delinquent accounts and placing liens on those accounts which are overly delinquent.

DIRECTOR COMMENTS. Director Tschida said that he has been contacted by water users in his area who are concerned about seeing water going over and into the Snake River. He said that they are asking why they can't use the excess water being spilled. Mr. Chamberlin said

that not much water is being wasted and he would like to speak to the persons who are complaining and have them show him where this is occurring at. He said that they may be looking at areas where water is going into another system. He said that he and Mr. Eldred will check into the matter further.

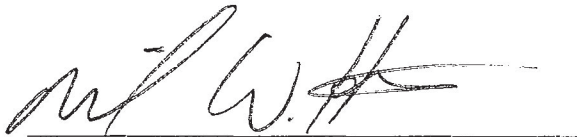
NYSSA RURAL FIRE SUBSTATION. Director Ausman said that the Nyssa Rural Fire Department is looking at building a 40'X50' steel building with a bathroom and some turnouts. He said that they are planning on having overhead doors at both ends. Director Tschida asked about perimeter fencing.

DELOS LEE. Mr. Chamberlin said that Delos Lee came into the office and questioned the District on his water usage and what is being reported. Mr. Chamberlin said there was a discrepancy in the reporting. Water usage and water management throughout the system was discussed.

OREGON WATER RESOURCE DEPARTMENT TOUR. Items to discuss during the Oregon Water Resource Department tour of the Owyhee Project were discussed.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 10:00 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____

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

August 12, 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 August 12, 2015, at 7:05 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 Manager; Clancy Flynn, South Board Manager; Jerry Nagaki, OID Alternate; J.L. Eldred, OID Water Master; Michael W. Horton, Attorney; Monty Culbertson, Old Owyhee Ditch Company Manger; Ray Waldo, Insurance Agent of Record; and John Eells, South Board Watermaster.

MEETING NOTICE. The meeting agenda showed that public notice of the meeting was given on August 7, 2015.

MINUTES. The minutes of the meeting of the Joint Committee held on July 21, 2015, were read by Mr. Horton. A motion was made by Mr. White, seconded by Mr. Corn, and unanimously carried approving the minutes as read.

HYDRO INSURANCE. Ray Waldo said that he is working on getting numbers and quotes for insuring the hydro facilities. He said that there is potential to get hydro insurance now through SDAO on the liability side. He said they will not insure equipment breakdown, but that the company that provided the insurance last year is still willing to provide breakdown insurance coverage. Mr. Waldo said that SDAO's insurance quote for the liability coverage is \$3,700 compared to Energy Insurance's quote of \$11,000 which provided the insurance last year. Mr. Waldo said that there are paperwork issues which need to be addressed in order to get the coverage through SDAO locked down. He said the total insurance package, including the liability insurance through SDAO would be \$96,000. He said that this amount is for all three hydro facilities and the actual premiums will be broken down between the facilities. The matter was discussed and the Committee members asked questions of Mr. Waldo which he answered. Mr. Waldo said that he recommends breaking up the property and liability coverage between Energy Insurance and SDAO. A motion was made by Mr. White, seconded by Mr. Nielson, and unanimously carried authorizing the Joint Committee to follow Mr. Waldo's recommendations.

At 7:20 p.m., Mr. Waldo left the meeting.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin said that the financial report is not yet available.

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

Owhyee Irrigation District	\$16,687.85
FERC	10,269.85
Dept. Consumer & Business	224.00
Nichols Accounting Group	<u>325.00</u>
TOTAL	\$27,506.70

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin said that the financial report is not yet available.

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

Owyhee Irrigation District	\$18,029.56
Tunnel Hydro - loan	1,500.00
Stunz, Fonda, Kiyuna, & Horton	806.75
FERC	16,085.65
Nichols Accounting	<u>325.00</u>
TOTAL	\$36,746.96

OWRC AND OWRD TOUR. Mr. Chamberlin said that OWRC and OWRD will be touring the Owyhee Project on Thursday, September 10. He said there is a dinner that night which the Joint Committee members should attend.

USGS MEASUREMENT REPORT. Mr. Eldred said that USGS came for their third and final time to do water measurements. He said that the OID gauge is 10% off and needs to

be re-rated and adjusted. He said that BPA came a week earlier and showed the same results as the USGS measurement. Mr. Eldred suggested having USGS back and adjust the gate to their measurements. Mr. Eldred said that USGS advised him that they will generate a report on the water measurements. John Eells said that South Board's gauge appears to be within specifications. He said that he has been using the radial gate for measurement.

WATER ALLOTMENT. Mr. Chamberlin handed out a report on water usage. He said that he and Mr. Flynn have been meeting regularly and going through spreadsheets on water usage. According to the handouts, Old Owyhee has 739.68 acre feet remaining in storage. South Board of Control has 3,557.494 acre feet left in its allotment and OID has 22,736.9 acre feet left in its allotment. Mr. Chamberlin said that these numbers are close to the water left to be delivered. Mr. Chamberlin said that the system hit free flow this morning. Mr. Corn said the allotment is working a lot better this year. Mr. Chamberlin said that the rainstorms helped to meet the allotment. John Eells said that South Board will probably shut their gate down around August 24. Mr. Eldred said that OID could run longer than that. Mr. Flynn said that South Board will shut down in eight to eleven days. The South Board members on the Joint Committee said that once South Board's allotment is used, that they will shut off and OID can continue to run until its allotment is used. Mr. Chamberlin said that some of the ditch rides on OID are done. Mr. Chamberlin said that with South Board shutting off, some of the laterals on the North side could go dry and then come back up.

Mr. Chamberlin explained that even though the system is in free flow, the water pressure in the canals is still controlled by the radial gates. Shutting off the systems were discussed and after discussion, it was the consensus of the Joint Committee members to follow management's recommendations in shutting down the system.

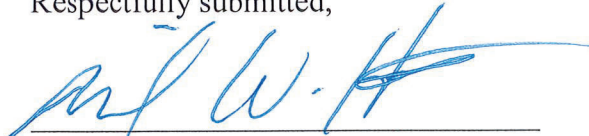
At 8:05 p.m., Monty Culbertson left the meeting.

OREGON'S MARIJUANA LAW. Mr. Horton gave a short presentation on Oregon's new marijuana law and the impact of federal laws on irrigation. He explained that USBR has come out with a directive that no water from federal projects can be used to irrigate marijuana. Mr. Chamberlin said that he is aware of approximately 12 grows within OID boundaries but none of them are pulling a lot of water. He said he is not sure any of them are actually using OID water for watering their plants. He said that he is not willing to jeopardize his staff's safety in going out and doing a lot of investigating. Mr. Horton said that USBR staff have stated that they do not expect the irrigation districts to police their systems for marijuana watering, but rather to notify them of any known situations where water is being diverted to water marijuana. He said that USBR will then notify the Department of Justice.

B2H POWER LINE. Mr. Horton and Mr. Chamberlin updated the Joint Committee members on the B2H Power Line Project. They said that they will be attending a meeting of cooperating agencies in the near future.

ADJOURNMENT. There being no further business, the meeting was adjourned at 8:23 p.m.

Respectfully submitted,



Secretary

APPROVED: _____