

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

March 6, 2012

A meeting of the Joint Committee of the Owyhee Project was held at the Homedale Bowling Alley, on March 6, 2012, at 10:35 a.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

Frank Ausman  
Eric White  
Dan Tschida  
Jerry Nagaki  
Rick Smith (South Board Alternate who stepped down when David Shenk joined the meeting)  
David Shenk (who joined the meeting at 11:45 a.m.)

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; Dennis Turner, South Board Member; Bruce Corn, OID Alternate; Tom Zittercob, Hydro Manager; John Lax, South Board Member; and Tim Leavitt, South Board Member.

MEETING NOTICE. Mr. Chamberlin said that the meeting notice was sent out on March 1, 2012, to the media as to the time, date, and place of the meeting.

MINUTES. The minutes of the meeting of the Joint Committee held on November 22, 2011, were mailed to the Committee members prior to this meeting. A motion was made by Mr. Tschida, seconded by Mr. Nagaki, and unanimously carried approving the minutes as mailed.

REORGANIZATION. Chairman Ausman stated that this, the first meeting of the year, is the time for the reorganization of the Joint Committee.

Representatives. Mr. Horton said that the OID Board has designated Frank Ausman, Dan Tschida, Eric White, and Jerry Nagaki as representatives to the Joint Committee with Bruce Corn being the alternate. Ron Keester said that South Board has designated Brett Nielsen and David Shenk as representatives to the Joint Committee with Rick Smith being the alternate.

Chairman. Chairman Frank Ausman opened nominations for the office of Chairman. Mr. Tschida nominated Frank Ausman as Chairman. Mr. White made a motion that nominations be closed and a unanimous ballot cast for Frank Ausman as Chairman of the Joint Committee. Mr. Nagaki seconded the motion, which passed unanimously.

Vice-Chairman. Chairman Ausman opened nominations for the office of Vice-Chairman. Mr. Smith nominated Brett Nielsen. Mr. Tschida made a motion that nominations be closed and a unanimous ballot cast for Brett Nielsen as Vice-Chairman of the Joint Committee. Mr. Nagaki seconded the motion, which passed unanimously.

Secretary and Legal Counsel. Mr. Horton stated that he is willing to serve as Secretary of the Joint Committee. Mr. Horton further stated that his law firm would agree to act as attorneys for the Joint Committee on the same terms and conditions as last year. A motion was made by Mr. White, seconded by Mr. Smith, and unanimously carried that Michael W. Horton be appointed Secretary and general counsel for the Joint Committee and that his law firm of Stunz, Fonda, Kiyuna & Horton, LLP be appointed as attorneys for the Joint Committee at an hourly rate of \$150.00 per hour, plus expenses.

Depositories. A Discussion was held concerning the depositories of the funds of the Joint Committee. A motion was made by Mr. Smith, seconded by Mr. Nagaki, and unanimously carried that Sterling Bank, Nyssa Branch; U.S. Bank, Nyssa Branch; and the Oregon Local Government Investment Pool be the official depositories of the funds of the Joint Committee and that the same may be withdrawn from the said depositories on checks or advices signed by any two of the following: Frank Ausman, Bruce Corn, Jerry Nagaki, Dan Tshida, Dave Shenk, and Rick Smith members of the Joint Committee; Ron Keester, Interim Manager of the South Board of Control; Jay Chamberlin, Project Manager; and Michael W. Horton, Secretary; provided, however, that funds may be transferred electronically from bank accounts of the Joint Committee to the Local Government Investment Pool, or from the Local Government Investment Pool to bank accounts of the Joint Committee, by direction given by Jay Chamberlin.

#### OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out financial reports for the Owyhee Dam Power Project prepared by Nichols Accounting Group for the periods ending November 30, 2011, December 31, 2011, and January 31, 2012. The reports were reviewed by the Committee members.

OWYHEE DAM ACCOUNTS PAYABLE. Mr. Chamberlin said that the Owyhee Irrigation District Board approved and authorized payment of the Owyhee Dam

Power Project accounts payable from the date of the last Joint Committee meeting through February 12, 2012. A list of the accounts was handed out and reviewed. A motion was made by Mr. White, seconded by Mr. Nagaki, and unanimously carried ratifying payment of the accounts payable by Owyhee Irrigation District.

#### TUNNEL POWER PROJECT.

Financial Report. Mr. Chamberlin handed out financial reports for the Tunnel Power Project prepared by Nichols Accounting Group for the periods ending November 30, 2011, December 31, 2011, and January 31, 2012. The reports were reviewed by the Committee members. Mr. Chamberlin said that 2011 was a record generation year given the height of the pool and the length of the season.

TUNNEL #1 POWER PROJECT ACCOUNTS PAYABLE. Mr. Chamberlin said that the Owyhee Irrigation District Board approved and authorized payment of the Tunnel #1 Power Project accounts payable from the date of the last Joint Committee meeting through February 12, 2012. A list of the accounts was handed out and reviewed. A motion was made by Mr. Nagaki, seconded by Mr. Tschida, and unanimously carried ratifying payment of the accounts payable by Owyhee Irrigation District.

WATER TURN-ON DATE. A tentative turn-on date for water in the Owyhee Project was discussed. Mr. Keester said that he is not getting any calls for water yet. He said that the ground is dry in his area and that the farmers in his area are raising a lot of corn. Mr. Chamberlin said that he has been getting pressure from some onion growers. He said that he would recommend a tentative turn-on date of April 1.

WATER FORECAST. Mr. Chamberlin said that he has not flown yet. He passed around handouts on snow pack, storage, and projected stream flows. He said that he thinks the numbers are somewhat skewed. He said that he heard a month ago there was not any snow on Mud Flat. He said that the government folks who flew said that the snow pack was pretty spotty. The Snotel sight shows 63% to 77% of normal. Mr. Chamberlin said that the March forecast is not out yet. He said that he thinks that the project will have a good water season given the current storage, but he thinks that most of the storage will be used by the end of the season.

WATER TURN-ON DATE (Continued). Mr. Chamberlin said that he would like to shoot for April 2<sup>nd</sup> as the date to begin turning the water into the canals. Mr. Keester said that he would like to see the turn-on date for the South Board system to be the 9<sup>th</sup> or 10<sup>th</sup> of April. The Joint Committee discussed the matter. Mr. Keester said that South Board could run a little water in their canals if OID wants to turn on before the 9<sup>th</sup> or 10<sup>th</sup> of April. Drip and sprinkler irrigation impacts on the project were discussed. Mr. Tschida asked if the water is required to be turned off by October 15. Mr. Chamberlin said that it is. A motion was made by Mr. White and was seconded by Mr. Nagaki setting

the tentative water turn-on date for April 2<sup>nd</sup> with management discretion to extend that date based upon weather conditions and water demands. The motion passed unanimously.

HYDRO REPORT. Mr. Zittercob said that he has been spending time at Tunnel #1 and that it should be ready to go by tomorrow. He said that at the Dam Plant there had not been much done this year with the intent to do more next year. He said that he would like to tear down the Dam Power Plant next year and go through it. He brought with him a spare wicket gate, which he passed around. He said that the unit has 20 wicket gates which are now 28 years old. He said that he would like to tear down the machine and replace the wicket gates. He said that the unit needs to be pulled apart and that he would guess that the machine is pushing 200,000 hours. Mr. Turner asked if certain wicket gates could be pulled and resurfaced. Mr. Zittercob said that they could, but that it would be difficult. He said that the tolerances need to be perfect as this is the only shut off for the facility. Mr. Zittercob said that when the machine is torn down, the entire unit will be gone through. He said that his best guess for the total cost if they don't find anything wrong, would be \$100,000. He said that the lead time on the parts is quite long and he would like to order the wicket gates now. He said that the machine could probably go another year or two before being torn down. He said that the reservoir level would not impact the ability to tear the machine down.

At 11:45 a.m., David Shenk joined the meeting.

Mr. White said that the road to the Dam Plant would have to be put back in to do all of this work. Mr. Chamberlin said that the road would not go in until July. A discussion was had on alternatives for roads. Mr. Chamberlin said that in the last 30 years, the road has been replaced approximately five to seven times. Mr. Horton pointed out that given the project's financing situation, this would be a good time to replace the wicket gates. The matter was discussed. After discussion, a motion was made by Mr. White, seconded by Mr. Shenk, and unanimously carried that the wicket gates be ordered and a rebuild of the Dam Power Plant begin this fall.

ROAD TO DAM POWER PLANT. Rebuilding of the road to the Dam Power Plant was discussed. Alternatives for the road were also discussed. Mr. Chamberlin said that if there are major alternatives, that the Committee would need to authorize some money for engineering. After discussion, it was determined that Mr. Chamberlin will research some floating type bridges.

TOM ZITTERCOB EMPLOYMENT CONTRACT. Mr. Zittercob said that he would like to extend his employment contract out three to five years. He said that he would like to get a bigger raise given the extra money that came in from the power plants. He said that he would like a five percent pay increase this year and a two to three percent increase the next years of the contract. Mr. Zittercob then left the meeting. Mr. Horton

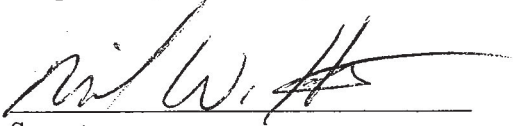
reported on what the OID Board did for raises for its employees. Mr. Zittercob's proposal was discussed. Mr. Chamberlin said that an employee evaluation is scheduled for Mr. Zittercob. Mr. Shenk expressed his desire that a sticker be placed on the side of Mr. Zittercob's vehicle. A motion was made by Mr. Tschida, seconded by Mr. White, and unanimously carried that Mr. Zittercob receive the same pay increase as the OID Employees, including the potential incentive pay based upon performance evaluation.

B2H. Mr. Horton and Mr. Corn updated the Board on the B2H Project. Mr. Horton said that there are a number of resource reports which are coming out, which Mr. Horton will need to review.

RADIO REPEATER. Mr. Chamberlin said that the new radio repeater is in and that it may have an impact on South Board's communications. Mr. Keester said that the matter had been resolved.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 12:50 p.m.

Respectfully submitted,



Secretary

APPROVED: \_\_\_\_\_