

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

March 19, 2013

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 March 19, 2013, at 1:25 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
Chris Landa

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; Brule Lehman, OID Foreman; Bruce Corn, OID Alternate; Monty Culbertson, Old Owyhee Irrigation District Manager; J.L. Eldred, OID Watermaster; Tom Zittercob, Hydro Supervisor; Steve Iida, Randy Kameshige, and Andy Peutz, Old Owyhee Board Members.

MEETING NOTICE. Mr. Chamberlin said that the meeting notice was sent out on March 14, 2013, 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 January 22, 2013, were mailed to the Committee members prior to this meeting. A motion was made by Mr. Smith, seconded by Mr. Nagaki, and unanimously carried approving the minutes as mailed.

WATER FORECAST. Mr. Chamberlin passed around handouts showing storage and stream flow forecasts. He said as of March 1st, there is just over 300,000 acre feet of storage in the reservoir. He then went through the handouts as the Committee Members reviewed them. As of March 1st, NRCS forecasts 121,000 acre feet of projected inflow through July 1 into the reservoir. Mr. Chamberlin said that he flew the watershed yesterday and that he is pretty disappointed with the snow pack. He said that Mud Flat has come out. He said that the snow depth seems uniform from high to low. The handouts show that the snow/water equivalent in the watershed is 57% of normal. Mr. Chamberlin said that the inflows may have already peaked for the year. He said that the historical low for inflows for a season is 150,000 acre feet. He said that he feels that the watershed will do better than that this year. He said there is a storm tonight which could

help. He said the long-range forecast is cooler with below normal precipitation. He said that currently there is three acre feet of water available for delivery, which is what is currently in storage. He said that stored water could be saved by pumping more water but that will increase power costs. Mr. Chamberlin said that the OID pumps are not ready to go yet. Mr. Keester said that the South Board cannot supplement with pumped water. Mr. Landa said that farms in the South Board area do not have as much onion crops as those in the North. Mr. Keester said that he would like to see the South water turned on the second week of April. Mr. Culbertson reported that the Old Owyhee ground is pretty dry.

WATER ALLOTMENT. The Joint Committee discussed setting the water allotment for the season. Mr. Chamberlin recommends starting at three feet and ratcheting up from there. Mr. White said that it is hard to set the allotment at more than the reservoir currently has. Chairman Ausman said that with projected inflow, the allotment could be set at 3.5 acre feet. Mr. Landa asked Mr. Chamberlin if he is comfortable setting the allotment at 3.5 acre feet and Mr. Chamberlin said that he is. The amount of water potentially saved by pumping was discussed. Various numbers for the allotment were discussed, along with the potential impact of the increased number of drip systems in the project.

A motion was made by Mr. White and seconded by Mr. Tschida setting the allotment at three acre feet with no excess with the Committee to reassess the allotment at their next meeting. The motion passed unanimously.

WATER TURN-ON DATE. The Joint Committee members discussed the water turn-on date for the project. Mr. Smith said that the South Board would just follow along what OID decides to do. Mr. White said that for his area the 1st of April would be best, but that for the rest of the District there would be less wasted water if the turn-on date was set later. Mr. Eldred explained the turn-on process on the OID side. Mr. Keester said that South Board would be ready to go on April 8th. Mr. Chamberlin said that it is possible for OID just to fill the upper end of their canal system. Mr. Chamberlin then spoke on behalf of the onion growers and their need for early water. Mr. White said that there are others in the project other than just onion growers and that those others need water later. Mr. Culbertson said that Old Owyhee would prefer the 15th of April as the turn-on date. The matter was discussed and after discussion, a motion was made by Mr. Tschida and seconded by Mr. Smith setting the tentative water turn-on date for April 8th with the Joint Committee to meet on April 1st to determine if the date should be set earlier given weather and water user demands. The motion passed unanimously. It was determined that the Joint Committee would meet at Mr. Horton's office on April 1, at noon to review the water turn-on date.

PUMPING PLANTS. Mr. Eldred gave an update on the pumping plants in the OID system. He said that one of the pumps at Dunaway has two impellers out and that

one Old Owyhee pump is out and being worked on for preventive maintenance. Mr. Chamberlin said that he would like to see a future meeting with Old Owyhee on drip and sprinkler systems going in and their impact on return flow usage.

At 2:31 p.m., J.L. Eldred and the Old Owyhee contingent left the meeting.

OWYHEE DAM POWER PLANT. Mr. Zittercob gave an update on the Owyhee Dam Power Plant. He said that he believes they now have a brand new drive end in the unit. He said that the new wicket gates are in. He said the machine has been test run for five hours. He said that it has been tested four to five times and runs good. He said that he is really happy with the work which has been done. He said that the runner was pulled and weighed and looks good.

TUNNEL #1 POWER PLANT. Mr. Zittercob then gave an update on the Tunnel #1 Power Plant. He said that the smoke alarm sensors in the Plant have gone out, but there are other alarms that will go off before the plant would be filled with enough smoke to set off the smoke alarms. He said that the system has been down about two years and that it could be fixed at a cost of approximately \$10,000. He said that the alarm does not need to be fixed right away and there is no risk to the facility. He said that right now there is not enough water in the reservoir to run the Tunnel Power Plant. He said the unit will be put back together tomorrow after standard off-season preventive maintenance work.

Mr. Zittercob left the meeting at 2:50 p.m.

JET FLOW VALVE COATINGS. Mr. Chamberlin said that he did not move forward with an RFP for the jet flow valve coatings. He said that the Bureau of Reclamation is looking at the guard gates and the amount of acceptable leakage around those gates and get back to Mr. Chamberlin.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin said that the financial report for the Tunnel #1 Power Project prepared by Nichols Accounting Group for January is in the Committee member packets. He handed out a report for February. The report was reviewed by the Committee members. Chairman Ausman said that Mr. Chamberlin may want to warn the Oregon Department of Energy of the low water in the reservoir. Mr. Chamberlin said he will call them. Mr. Landa had questions on the phone billing and Mr. Chamberlin explained that a new phone system has been installed.

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

AT&T	\$331.62
Oregon-Idaho Utilities	224.72
Owyhee Irrigation	23,796.73
Nichols Accounting Group	<u>325.00</u>
Total	\$24,678.07

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin said that the financial report for the Owyhee Dam Power Project prepared by Nichols Accounting Group for January is in the Committee member packets. Mr. Chamberlin handed out the February report. The report was reviewed by the Committee members.

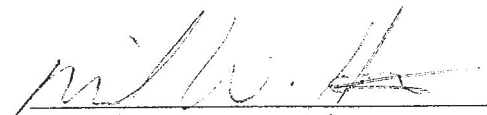
OWYHEE DAM ACCOUNTS PAYABLE. The Committee members reviewed the accounts payable for the Owyhee Dam Power Plant as listed on the agenda. A motion was made by Mr. Landa, seconded by Mr. Tschida, and unanimously carried approving payment of the following accounts payable:

FERC	\$25.00
at&t	443.22
Verizon	219.40
Stunz, Fonda, Kiyuna	512.69
Owyhee Irrigation	20,996.49
Oregon-Idaho Utilities	337.08
Century Link	45.00
Nichols Accounting Group	<u>325.00</u>
Total	\$22,903.88

OREGON DEPARTMENT OF ENERGY DEBT. Mr. Chamberlin said with the low generation, it will be tough to pay off the Oregon Department of Energy debt before the Idaho Power rates drop. Mr. Corn said that with a full reservoir next year, everything should be fine.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 3:11 p.m.

Respectfully submitted,


Secretary

APPROVED: _____

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

March 19, 2013

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on March 19, 2013, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:00 a.m. Jerry Nagaki, President of the District, presiding.

The following Directors were present:

Bruce Corn	Dan Tschida
Eric White	Frank Ausman
Jerry Nagaki	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Brule Lehman, OID Foreman; and Delos Lee and Mrs. Reedy, District Water Users (who joined the meeting at 11:50 a.m.)

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 March 14, 2013.

MINUTES. The minutes of the February 19, 2013, meeting of the Board of Directors were mailed to the Directors prior to the meeting. A motion was made by Director Corn, seconded by Director Tschida, and unanimously carried approving the minutes as mailed.

OWYHEE IRRIGATION DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out a monthly financial report for District which was prepared by Nichols Accounting Group. The report was reviewed by the Directors. Mr. Chamberlin said that the water charges are steadily coming in. He said that the District has not received the last Fletcher Grant money yet. He said there have been a number of gopher tails coming in. Reimbursement on the Newell Pipeline Project expenses were discussed.

VEHICLE PURCHASES. Mr. Chamberlin said that three BLM pickup trucks were purchased in Boise at a surplus sale. He then explained the purchases and the Board of Directors discussed the purchasing process.

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. Mr. Chamberlin said that bills are now being paid two times per month rather than once per month. A motion was made by Director White, seconded by Director Tschida, and unanimously carried approving payment of the accounts payable.

MITCHELL BUTTE POWER PROJECT.

Financial Report. The regular monthly financial report was included in the Directors' packets. The Directors reviewed the report. Mr. Chamberlin said that not much in the way of

expenses have come in yet but there will be bills coming in for the repairs which were done this off season. Director Corn asked if there will be money available to transfer back to the District towards the assessment given the fact that these expenses will be coming in. Mr. Chamberlin said that he will not be sure until he knows the extent of the expenses. Mr. Chamberlin said that the District may only run one unit this year depending upon the water situation.

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

Owyhee Irrigation District	\$22,424.79
AT&T	6.48
Century Link	126.28
Nichols Accounting Group	<u>110.00</u>
Total	\$22,667.55

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

STANLEY REEDY EXCESS WATER ISSUE. Mr. Chamberlin said that Mr. Reedy purchased property from Sweeny Gillette last year during the irrigation season. He said that the property was purchased after Mr. Gillette had ordered excess water. He said there is an excess water bill which Mr. Reedy is now disputing. The Directors discussed the matter. Mr. Chamberlin said that the Reedys should be at the meeting later today.

NEWELL PIPELINE PROJECT UPDATE. Mr. Chamberlin said that the pipe is in the ground and that screening work will be done next week. He said that a big grower on the system is supposedly putting in two pivots this year, but that all of the ground under the new pipeline will not all be in sprinkler this year. Director Corn said that he would like to see all of the ground come in under sprinkler. Director White said this will happen over time. Director Corn said that his concern is that the system will be difficult to manage until all of the ground gets under sprinkler. The matter was discussed.

Mr. Chamberlin said that the pipe has been purchased to do the East and West ends of the project. He said that staff is trying to decide what parts of the system to do next. A discussion was had on piping and spillway options. Pressurization issues were discussed. The need for ditchrider and landowner education was discussed. Mr. Chamberlin said that Mark Carpenter will be helping on the system startup. Director Corn said that he would like to see the operation manuals put together. Director Tschida said that the District may need to adopt a rule that if power goes off, that pivots remain on to relieve pressure on the system. Mr. Chamberlin said that the time frame to put the next phase of the system in is this fall. He said that the pipe that is currently in the ground will be ready to go when the final screening gets installed.

Mr. Chamberlin said that staff will be scrambling if the water comes in early.

MITCHELL BUTTE POWER PLANT UPDATE. Mr. Chamberlin said that the one unit is still in pieces at Riverside. He said that this will not effect the ability of the water to go through the system but that the overall plan is to have the unit in before the water comes on.

PUMPING PLANT MAINTENANCE UPDATE. Mr. Chamberlin gave an update on the pumping plants. He said that one of the motors for a Dead Ox Pumping Plant pump is at Riverside being worked on but should be back the middle of this week. He said the impellers for the Dunaway Pumping Plant are being worked on. He said that a lot of stuff needs to come together during the next week and a half. Director Ausman expressed disappointment in the amount of time it is taking Riverside to do their work on District projects. Potential pumping during the upcoming irrigation season was discussed.

STANLEY REEDY EXCESS WATER ISSUE (Continued). At 11:50 a.m., Delos Lee and Mrs. Reedy joined the meeting. Mr. Lee explained the situation and said that the Reedys feel that the ditchrider should have informed them that they were on excess water at the time that they ordered water. Mr. Chamberlin said that he will check on the facts with the ditchrider and get specific dates. Mrs. Reedy expressed her frustration in the fact that she was never told that the water was being delivered at an additional cost nor was she provided an option to discontinue the water deliveries. Mr. Chamberlin said that he will get to the bottom of the situation and report back. Dolos Lee then expressed his concern on seeing wasted water in his part of the District. Director Ausman explained that the Board of Directors is strongly opposed to the wasting of water but that the District's ability to regulate the water use once it is on the farm is limited.

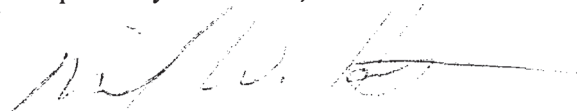
At 12:17 p.m., Mr. Lee and Mrs. Reedy left the meeting.

Mr. Chamberlin said that he will investigate the matter further. Director Ausman said that the actions of a couple of employees in this situation made the District look bad. Ways to prevent a similar situation from arising in the future were discussed.

CON AGRA FOODS. Mr. Chamberlin said that Con Agra Foods has asked the state for a special use permit on potential water storage for fire fighting uses. The water situation at the site was discussed.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 12:35 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____