

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

May 27, 2014

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 May 27, 2014, at 7:00 p.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

Frank Ausman	Jerry Nagaki
Eric White	Rick Smith
Bruce Corn	Chris Landa

Also present were: Jay Chamberlin, District Manager; Harvey Manser, OID Assistant Manger; Michael W. Horton, Attorney; Ron Keester, South Board Manager; Tom Zittercob, Hydro Operator; Dan Tschida, OID Alternate; J.L. Eldred, OID Watermaster; and Ray Waldo, Insurance Agent of Record.

MEETING NOTICE. The meeting agenda showed that public notice of the meeting was given on May 22, 2014.

MINUTES. The minutes of the meeting of the Joint Committee held on April 15, 2014, were mailed to the Committee members prior to the meeting. A motion was made by Mr. Corn, seconded by Mr. White, and unanimously carried approving the minutes as mailed.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the month of April for the Tunnel #1 Power Project which was prepared by Nichols Accounting Group. The report was reviewed and discussed by the Committee Members.

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

AT&T	\$89.32
EC Power	412.72
Riverside Inc.	2,086.09
Owyhee Irrigation District	27,459.76
Oregon Idaho Utilities	1.82
Nichols Accounting Group	<u>650.00</u>
Total	\$30,699.71

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the month of April for the Owyhee Dam Power Project which was prepared by Nichols Accounting Group. The report was reviewed and discussed by the Committee Members.

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

Stunz, Fonda, Kiyuna	\$2,242.00
Oregon Idaho Utilities	2.73
EC Power Systems	434.36
Service Experts	106.20
Allied Insurance	348.00
Century Link	47.99
Verizon	100.00
Owyhee Irrigation District	27,459.76
AT&T	218.16
Nichols Accounting Group	<u>650.00</u>
Total	\$31,609.20

HYDRO INSURANCE. Ray Waldo addressed the Committee with regard to hydro insurance. Mr. Waldo said that he was asked to look into whether or not the insurance rates could be lowered given the low water year. He said that the insurance premiums are based on power generation. He said that he has been checking and working on lowering the premiums because of the low water year, but that any reduction will not happen until the next renewal. He then explained how the insurance rates are calculated. He said that the current insurance company has informed him that they will work with the Joint Committee on trying to get the rates lower. The Joint Committee discussed possibly changing the renewal date so that the estimate of power rates will be more accurate.

Mr. Corn raised the issue as to how insurance premiums will be able to be paid if the power plants do not generate sufficient income. The matter was discussed and it was determined that if that situation arises, the Oregon Department of Energy, which holds the outstanding loans against the facility, would have to be contacted and negotiated with.

MOU OLD OWYHEE DITCH IMPROVEMENT DISTRICT. Mr. Horton said that an agreement has been reached with Old Owyhee. He summarized the proposed Memorandum of Understanding. Mr. Horton fielded questions with regard to the proposed Memorandum of Understanding. Mr. White made a motion authorizing the Joint Committee to enter into the Memorandum of Understanding. Mr. Smith asked that the agreement be read in its entirety. Chairman Ausman asked Mr. Horton to read the agreement. Mr. Horton read the agreement out

loud. Mr. White's motion to approve the agreement was seconded by Mr. Corn. A vote was had on the motion which passed unanimously.

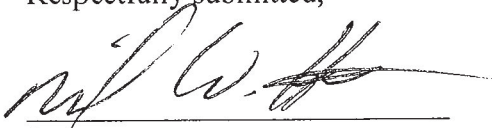
SDAO RESOLUTION. Mr. Horton and Mr. Chamberlin explained that SDAO is an organization formed by a memorandum of understanding between Special Districts in Oregon. They said that the organization was created to provide insurance services for special districts at reduced rates. Mr. Horton said that the organization is updating their records and wants to have a signed document from each organization participating in SDAO services. Mr. Horton presented a proposed Joinder Agreement which is attached to these minutes. A motion was made by Mr. Landa, seconded by Mr. Nagaki, and unanimously carried authorizing the Joint Committee to enter into the Joinder Agreement.

ALLOCATION OF DAM COSTS. Mr. Keester asked about the allocation of dam costs. Mr. Chamberlin explained how those costs are allocated between Owyhee Irrigation District, South Board, and Old Owyhee.

SDAO TRAINING. Mr. Chamberlin said that there is an SDAO training session scheduled for July 29 in Ontario. He said that Membership requirements require board members to attend training. He said that he will be signing all of the Joint Committee members up for the training.

ADJOURNMENT. There being no further business, the meeting was adjourned at 8:30 p.m.

Respectfully submitted,



Secretary

APPROVED: _____

EXHIBIT A
FORM OF
JOINDER TO TRUST AGREEMENT
FOR INITIAL MEMBERS

By execution of this Joinder, the undersigned public body hereby agrees to become a party to, and is bound by, the First Restatement of Declaration of Trust of the Special Districts Insurance Trust effective as of April 1, 2014 (and as the same may be amended, supplemented or otherwise modified from time to time, the "Agreement"), by and among the Trustees and the Members, in the same manner as if the undersigned were an original signatory to such Agreement.

The undersigned represents and warrants that (i) the undersigned has received a copy of, and has reviewed the terms of, the Agreement and all related or relevant documents and agreements, (ii) undertakes to become a Member of the Special Districts Insurance Trust with all the rights and obligations thereof, and (iii) such undertaking has been duly authorized as an intergovernmental agreement to create a program of self-insurance pursuant to ORS 30.282.

Capitalized terms used but not defined in this Joinder shall have the meanings set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of this 27 day of May, 2014.

Owyhee Project Power Committee
[Name of District]

By: [Signature]

Name: Frank Ausman
Title: Chairman

Address for Notices:
17 S. 1st St.
Nyssa, OR 97913

With copies to:

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

May 27, 2014

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on May 27, 2014, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:30 p.m. Jerry Nagaki, President of the District, presiding.

The following Directors were present:

Bruce Corn	Jerry Nagaki
Eric White	Frank Ausman
Dan Tschida	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, OID Assistant Manager; Tom Zittercob, Hydro Operator; J.L. Eldred, OID Watermaster; Kris Ward, OID Staff; Chet Weichman, Health Insurance Representative; Randy Sartin, Patron; and Delos Lee, Patron.

MEETING NOTICE. The meeting agenda showed that public notice as to the meeting was given on May 22, 2014.

MINUTES. The minutes of the meeting of the Board of Directors held on April 15, 2014, were mailed to the Directors prior to the meeting. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried approving the minutes as mailed.

HEALTH INSURANCE. Chet Weichman gave a presentation on health insurance. He said that with the changes in the federal health insurance law that Special Districts is now creating their own health insurance program which will be administered by PacificSource. He explained the plans available and the benefits which they provide. He passed around handouts on premiums and benefits. He explained a new health insurance savings account program and said that it may be something the Board will want to look at for the District in the future. The Board of Directors expressed a preference for renewals of health insurance in January rather than June. Mr. Weichman explained that the premium increase will be 20% over last year's premiums. Renewing health insurance was discussed and after discussion, a motion was made by Director Tschida and was seconded by Director Ausman to acquire health insurance through Special Districts and enroll in Red L Plan. A vote on the motion was had. Directors White, Tschida, Nagaki, and Ausman voted in favor of the motion and Director Corn voted against. The motion passed by a vote of four to one.

PATRON COMMENTS. Randy Sartin explained that he is on the Dead Ox Ditch and that Kale Bueller has put a pump in the ditch and he does not believe the water is going back in.

Mr. Chamberlin explained that he is familiar with the situation and that the pump was authorized and that it is an equal trade with water being measured coming in and measured going out. Mr. Chamberlin explained the situation to the Board and said that he will go out to the area and make sure that Mr. Bueller is complying with the special use permit.

Delos Lee made a complaint about water availability on the North Canal. Mr. Chamberlin explained that one of the items the Board of Directors is looking at is a possible bulge storage system being constructed on the lower end of the project to take out fluctuations. Mr. Chamberlin said that he will get the area ditchrider to try to make adjustments to take out some of the fluctuation currently.

FINANCIAL REPORT. Mr. Chamberlin handed out a financial report for the month which was prepared by Nichols Accounting. The report was reviewed and discussed by the Directors. Director Tschida asked about overtime which was paid out. Mr. Chamberlin and Mr. Manser explained why overtime was paid.

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 and discussed the lists. Mr. Manser gave an update on planned moss control. Mr. Chamberlin explained a proposed piping project and the purchase of pipe. A motion was made by Director Corn, seconded by Director White, and unanimously carried approving and ratifying payment of the bills as presented.

MITCHELL BUTTE POWER PROJECT.

Financial Report. The regular monthly financial report for the Mitchell Butte Power Project was included in the Directors' packets. The Directors reviewed the report. Mr. Zittercob said that the power plant is running.

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

Century Link	\$522.06
Owyhee Irrigation District	27,459.75
Verizon	105.16
United Oil	337.20
Service Experts	225.00
AT&T	39.33
Nichols Accounting Group	<u>220.00</u>
Total	\$28,908.50

TIFFANY EASEMENT. Mr. Horton explained that the District owns a 100-foot strip of property along Morgan Avenue. He said that it abuts property owned by Tiffanys and that they have a driveway which crosses the District owned property in order to access their property. Mr. Horton said that he was contacted by a surveyor on behalf of the Tiffanys who would like the District to grant them an easement for the driveway. Mr. Horton presented a proposed easement. He said the District will charge \$150.00 dollars for a crossing permit. Mr. Chamberlin said that he recommends the granting of the easement. A motion was made by Director Corn and was seconded by Director Ausman to grant the easement as presented by Mr. Horton. A vote on the motion was had. Directors Corn, White, Nagaki, and Ausman voted in favor. Director Tschida voted against and the motion passed on a vote of four to one.

SDAO RESOLUTION. Mr. Horton explained that the District is a member of Special Districts Association of Oregon which is an organization formed through an intergovernmental agreement and through which Special Districts in Oregon provides insurance services. Mr. Horton explained that Special Districts is changing its name to Special Districts Insurance Trust and is requesting that all member organizations sign a Joinder to Trust Agreement. Mr. Horton presented a proposed Joinder Agreement which he recommends the District enter into. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried authorizing the District to enter into the Joinder to Trust Agreement, a copy of which is attached to these minutes.

SDAO TRAINING. Mr. Chamberlin explained that SDAO will be putting on a training on July 29, 2014, in Ontario at the Cultural Center. He said that all the Board members need to attend this training in order to comply with SDAO's insurance requirements. He said that he has signed up all of the Board members to attend.


PROPOSED PROJECTS WHEN WATER GOES OFF. Mr. Chamberlin said that he and staff have been putting together a list of projects to do when the water goes off. He explained those projects and said that they include, among other items, coatings on the Malheur Siphon and ditching.

ACCOUNTS RECEIVABLE. Mr. Chamberlin said that even with the low water year, the accounts receivable seem to be about normal for this time of year.

WATER ALLOTMENT. The Board discussed where the water allotment is set and what the water usage has been.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 10:55 p.m.

Respectfully submitted,


Michael W. Horton, General Counsel

APPROVED: _____

EXHIBIT A
FORM OF
JOINDER TO TRUST AGREEMENT
FOR INITIAL MEMBERS

By execution of this Joinder, the undersigned public body hereby agrees to become a party to, and is bound by, the First Restatement of Declaration of Trust of the Special Districts Insurance Trust effective as of April 1, 2014 (and as the same may be amended, supplemented or otherwise modified from time to time, the "Agreement"), by and among the Trustees and the Members, in the same manner as if the undersigned were an original signatory to such Agreement.

The undersigned represents and warrants that (i) the undersigned has received a copy of, and has reviewed the terms of, the Agreement and all related or relevant documents and agreements, (ii) undertakes to become a Member of the Special Districts Insurance Trust with all the rights and obligations thereof, and (iii) such undertaking has been duly authorized as an intergovernmental agreement to create a program of self-insurance pursuant to ORS 30.282.

Capitalized terms used but not defined in this Joinder shall have the meanings set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of this 27 day of May, 2014.

Owyhee Irrigation District
[Name of District]

By: Jerry Nagaki

Name: Jerry Nagaki
Title: President

Address for Notices:
17 S. First St.
Nyssa, OR 97913

With copies to:

