

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

August 19, 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 August 19, 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 Manager of the Hydro Projects; Harvey Manser, OID Assistant Manger; Michael W. Horton, Attorney; Ron Keester, South Board Manager; J.L. Eldred, OID Watermaster; Tom Zittercob, Hydro Electric Supervisor; Dan Tschida, OID Alternate; Larry Meyer, Argus Observer; and Ray Waldo, Insurance Agent of Record.

MEETING NOTICE. The meeting agenda showed that public notice of the meeting was given on August 14, 2014.

MINUTES. The minutes of the meeting of the Joint Committee held on July 22, 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 Tunnel Power Project for the month of July. The Committee Members reviewed the report. Mr. Chamberlin said last month there was a question about travel expenses. He said those expenses were for Joint Committee member travel to conferences.

TUNNEL #1 POWER PROJECT ACCOUNTS PAYABLE. The Committee members reviewed the accounts payable for the Tunnel #1 Power Project. Mr. Corn asked if the FERC billing would change after the FERC inspection. Mr. Chamberlin said that he has not heard anything about an impact on the billing. A motion was made by Mr. White, seconded by Mr. Nagaki, and unanimously carried approving payment of the following accounts payable:

FERC	\$31,046.58
Oregon Idaho Utilities	113.76
Nichols Accounting	<u>325.00</u>
Total	\$31,485.34

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project for the month of July. The Committee Members reviewed the report. Mr. Smith asked about the status of the MOU with Old Owyhee. Mr. Horton and Mr. Chamberlin reported on the status and said that the agreement will be reviewed at the end of the season and that it is anticipated that it will serve as a framework for a long-term agreement. They said that they recently met with the Bureau of Reclamation with regard to entering into a long-term agreement with the Bureau of Reclamation being a party to that agreement.

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. Smith, and unanimously carried approving payment of the following accounts payable:

Oregon Idaho Utilities	\$ 501.84
FERC	29,328.67
Riverside Inc.	437.75
Brian Richins	1,950.00
Verizon	36.35
Century Link	47.99
Stunz, Fonda, Kiyuna & Horton, LLP	2,501.81
Nichols Accounting	<u>325.00</u>
Total	\$35,129.41

TUNNEL #1 GATE INSPECTION. Mr. Chamberlin said that Guard Gate #8 for the Tunnel did not open. He said that USBR staff are coming out to inspect and provide possible solutions to get the gate to open. Mr. Chamberlin said that he will also have the USBR staff look at the penstock and have District staff possibly do coating repairs while the water level is down. The matter was discussed.

MOU WITH OLD OWYHEE. Mr. Eldred said that it appears that Old Owyhee Ditch is out of storage water and are now just entitled to river flows. He said that under the MOU, the amounts which they pull from the Snake River count against river flows and that calculations will be made to determine their percentages of power and maintenance costs.

BOR CONTRACT. Mr. Chamberlin said that after the incident of last month's Joint Committee meeting relating to water allocation, the Bureau of Reclamation said that they want to be part of resolving any conflicts among the Districts. Mr. Horton reported on discussions with the USBR area manager relating to water deliveries.

BOAT RAMPS AT RESERVOIR. Mr. Chamberlin said that rumors have been going around that the County Sheriff is going to be closing all of the boat ramps at the reservoir. He said that the first county ramp at the reservoir is closed and that there are a number of reservoir users upset about this. The matter was discussed.

AQUATIC VEGETATION AT PUMPING PLANTS. Mr. Eldred reported that the Snake River has a lot of moss in it right now which is having a negative effect on the pumping plants. He said that the Snake River has been up and down a lot this year. Mr. Keester said that South Board of Control is using water jets to keep the moss down at their pumping plant. Mr. Manser said that the moss also gets on the pump impellers and creates capacity losses. Mr. Keester said that in the South area there is an auto cleaning machine at the Marsing plant which costs around \$100,000. He said that it has helped a lot. Mr. Eldred said that such a system would work well at the Dead Ox Pumping Plant, but the last time he priced it, the cost would be around \$250,000.

HYDRO INSURANCE. Ray Waldo passed around a handout on hydro insurance renewal. The total quote is \$103,154. This compares to last year's amount of \$134,068. Mr. Waldo said this is with a \$50,000 deductible and a 6 million dollar policy. Mr. Horton asked if the Oregon Tort Claim limit on lawsuits has an impact on the amount of insurance. Mr. Waldo explained that extra insurance is provided above the tort claim limits in case of potential liability. He said the limits are factored in when calculating premiums.

Mr. Waldo also handed out a breakdown of premiums for the Hydro Projects. The premium for the Tunnel #1 would be \$31,595 and the premium for the Dam is \$56,384. He said that he also has a finance agreement if money is short to pay the insurance over time with eleven percent interest if needed. The Joint Committee Members did not express an interest in the financing agreement.

Mr. Waldo said that he did investigate the potential changing of the renewal date for the insurance policy so that a better estimate of power generation could be factored in. He said the company would require a 15 month renewal and that with the facilities not producing a lot of income, he does not recommend making the switch at this time. He said that the matter could be discussed with him further.

The renewal date for the insurance is September 1. Mr. Corn suggested that a higher deductible be looked at and how the rates might change. A motion was made by Mr. Corn, seconded by Mr. Nagaki, and unanimously carried accepting the insurance quotes and authorizing the Joint Committee to move forward with purchasing the insurance as presented.


WATER SHUTOFF. A discussion on when to set the water shutoff date was had. Chairman Ausman said that he thought the decision was made last month to shut the water off when Old Owyhee's storage number is reached. Mr. Chamberlin said the reservoir will be out of water on Friday or Saturday morning. Mr. Eldred said that water is being delivered in the North system up to Mitchell Butte. Mr. Landa said that the South Board has been able to make water deliveries clear to the end. Mr. Tschida asked if the Districts are keeping an eye on water users and making sure they do not exceed their 1.7 acre foot allotment. Mr. Chamberlin said that they are and that guys are starting to run out. Mr. Keester said that the South Board area average usage for the season was 1.62 acre feet. Mr. Chamberlin explained that there are a lot of upset water users on the North end of the Owyhee system since they ran out of water a few weeks ago. Mr. Tschida said that he would like to see the system shut off to save water for next year. The Joint Committee continued to discuss the matter and all agreed that it sounds like the water will run out Saturday morning.

SDAO INSURANCE QUESTIONNAIRE. Mr. Chamberlin presented a questionnaire from Special Districts with regard to insurance. The questionnaire answers were reviewed, discussed, and approved.

JET FLOW DISCHARGE PIPES. Mr. Chamberlin made a recommendation that coatings be put on the jet flow discharge pipes this winter while the water is down.

ADJOURNMENT. There being no further business, the meeting was adjourned at 8:15 p.m.

Respectfully submitted,


Secretary

APPROVED: _____

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

August 19, 2014

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on August 19, 2014, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:20 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: Michael W. Horton, Attorney; Harvey Manser, OID Assistant Manager; Jay Chamberlin, District Manager; J.L. Eldred, OID Watermaster; Larry Meyer, Argus Observer; and Tom Zittercob, Hydro Manager.

MEETING NOTICE. The meeting agenda showed that public notice as to the meeting was given on August 14, 2014.

MINUTES. The minutes of the meeting of the Board of Directors held on July 22, 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.

OWYHEE IRRIGATION DISTRICT 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 White asked how far along the District is on getting water cards online. Mr. Chamberlin said that this should happen next spring. He said he plans on doing some water user training on accessing the system.

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, discussed, and asked questions about specific items on the lists which Mr. Chamberlin answered. Director Tschida asked about the number of Ditchriders and plans for using them at the pumping plants while laying off some of the part-time employees. Mr. Chamberlin said that some of the ditchriders are working the graveyard shift at the pumping plants. He said otherwise, he has put the ditchriders to work on fall projects. A motion was made by Director Corn, seconded by Director White, and unanimously carried approving payment of the accounts payable.

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.

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	\$130.55
FERC	8,953.60
Nichols Accounting	<u>110.00</u>
Total	\$9,194.24

DRUG-FREE WORKPLACE. Mr. Chamberlin said that the Employee Handbook says that the District is a drug-free workplace, but the only testing has been done on CDL drivers. He said that some employees are saying that all employees should be tested. He said that he has discussed the matter with SDAO and they have a testing program which will do random testing on all employees. The matter was discussed and Mr. Chamberlin said that he will move forward with the SDAO Drug Testing Program.

FIRE AND BALLANTYNE WHEAT FIELD. Mr. Manser said that the District received a letter from Mr. Ballantyne with regard to the District discing up one acre of his grain field. He is wanting \$1,000 for the action. Director White said that he is the one that disced up the edge of the field to keep the fire from spreading. He said that he did so as an individual and not as a Board Member of the District. Mr. Manser said that he went out and measured how much field was disced up and there was hardly any damage. He said that he has drafted a report on his investigation and the Directors reviewed it. The consensus of the Directors is that it is a management decision and Mr. Chamberlin will respond accordingly.

KALE BUELLER PERMIT. Mr. Chamberlin said that he and staff checked on the situation with Kale Bueller and they continue to investigate.

DAMAGED UNIT AT MITCHELL BUTTE POWER PLANT. Mr. Zittercob reported that the unit which was running at Mitchell Butte is not working. He said that it appears to be something in the wicket gate linkage. He said the other unit was repaired two years ago and is in the facility and ready to run. He expressed concern on the viability of the units at Mitchell Butte. The consensus of the Directors is that the broken unit will need to be pulled out and the damage assessed.

IDAHO POWER VISIT TO MITCHELL BUTTE FACILITY. Mr. Zittercob said that Idaho Power representatives visited him at the Mitchell Butte Power Plant. He said that they toured the facility and said that the Owyhee Project facilities are the best co-generation facilities from which they purchase power. He said that during discussions with the Idaho Power representatives, they advised him that if the Districts want to amend their power contracts, they need to go to Oregon PUC rather than trying to negotiate with Idaho Power. Mr. Chamberlin expressed frustration with the fact that Idaho Power representatives toured the facility without notifying him.

8/19/14
Employees ?

At 9:20 p.m., Mr. Zittercob left the meeting.

DISTRICT RENTAL HOUSES. Mr. Manser said that some of the rental houses which the District owns are currently empty. He said that District crews are cleaning up and remodeling the houses while they are vacant. He said he wanted to give the Board a heads up that there will be some bills coming in for the remodeling supplies.

WATER MEASUREMENT DISCREPANCIES. Director Tschida asked about water measurement discrepancies between the North and South Boards. Mr. Eldred said that measurements are off at low flows. Director Ausman said that a third party needs to come in and calibrate all of the gates. The matter was discussed.

DUCK VALLEY TRIBAL VISIT. Mr. Chamberlin said that a group of irrigators from the Duck Valley Reservation visited and toured the Owyhee Irrigation District Project. He said that during the visit, an invitation was made for Directors to visit the tribe's irrigation works. Director Corn said that this is an offer which the Board should accept. Mr. Chamberlin said that the visit with the tribe went well.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 9:43 p.m.

Respectfully submitted,


Michael W. Horton, General Counsel

APPROVED: _____