

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

January 22, 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 January 22, 2013, at 1:07 p.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

Frank Ausman
Eric White
Dan Tschida
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; Harvey Manser, OID Assistant Manager; Bruce Corn, OID Alternate; and Pat Sullivan, Dam Maintenance Company.

MEETING NOTICE. The agenda noted that a notice was sent out on January 15, 2013, to the media as to the time, date, and place of the meeting.

MINUTES. The minutes of the Joint Committee held on November 20, 2012, were mailed to the Joint Committee members prior to the 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 Rick Smith and Chris Landa as representatives to the Joint Committee and he will need to check on who is 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. Landa seconded the motion. A unanimous ballot was cast for Frank Ausman as Chairman of the Joint Committee.

Vice-Chairman. Chairman Ausman opened nominations for the office of Vice-Chairman. Mr. White nominated Rick Smith. Mr. Tschida seconded the nomination. No further nominations were made. A vote was held and a unanimous ballot was cast for Rick Smith as Vice-Chairman of the Joint Committee.

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. Tschida, seconded by Mr. White, 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. White, 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, Eric White, Chris Landa, Dennis Turner, and Rick Smith members and alternate members of the Joint Committee; Ron Keester, 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.

COATINGS ON JET FLOW VALVE PENSTOCKS. Pat Sullivan of Dam Maintenance Company introduced himself and said that he has inspected the coatings on the jet flow valves and that 90% of the coatings are still there. He said that there are a number of scaled spots and that his company is looking at doing the re-coating. He said that there is leakage through the guard gates which will need to be dealt with in order to do a good job on the coatings. He explained his ideas on fixing the guard gates. He said that the work on the coatings will need to be done when the reservoir is low. Mr. Tschida asked about the Bureau's position on the needed coating repair. Mr. Chamberlin said that the Bureau has not listed this as a required repair yet. He said that if the coating work is done, the work would start at the end of the water season. The possible need for a diver to block off the guard gates in order to address the leakage around them was discussed. The coating work was discussed. A motion was made by Mr. White, seconded by Mr. Smith, and unanimously carried that Mr. Chamberlin put out an RFP for the placement of a stop log and one penstock coating with the actual work being discussed and possibly authorized at a later Joint Committee meeting.

Arrangements for Mr. Sullivan to view the penstocks and guard gates was discussed. Mr. Keester said that he would like to be present when the viewing is done. Mr. Sullivan said that he would like to have the Bureau involved on the leak stoppage. Mr. Chamberlin said that he will speak to Bureau staff about the guard gates before moving ahead with the RFP. At 1:50 p.m., Pat Sullivan left the meeting.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel #1 Power Project prepared by Nichols Accounting Group for the period ending December 31, 2012. The report was reviewed by the Committee members. Mr. Horton explained the format of the report and the history on the Tunnel Project.

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	\$169.47
SDAO	280.00
Northwest Hydro Assoc.	161.67
Oregon-Idaho Utilities	112.36
Nichols Accounting Group	<u>325.00</u>
Total	\$1,179.66

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project prepared by Nichols Accounting Group for the period ending December 31, 2012. 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. Mr. Horton noted that his billing of \$775.00 was not included on the list. Mr. Smith questioned the charges from Owyhee Irrigation District for computer work. Mr. Chamberlin answered the question and a motion was made by Mr. Nagaki, seconded by Mr. White, and unanimously carried approving payment of the following accounts payable:

AT&T	\$165.61
Verizon	198.80
Ontario Tel Answer	138.00
South Board of Control	336.00
Bruce Corn	187.50

Frank Ausman	161.25
Jerry Nagaki	62.50
Dan Tschida	62.50
Eric White	53.00
Owyhee Irrigation	1,343.44
SDAO	280.00
Oregon-Idaho Utilities	168.54
Century Link	45.00
Nichols Accounting Group	325.00
Stunz, Fonda	<u>775.00</u>
Total	\$4,302.14

SNOW PACK/WATER FORECAST. Mr. Chamberlin explained that the inflow season for the reservoir starts the first of October and though there was precipitation in the fall, it did not come down as snow in the high country. He then explained the need to look at the forecasted runoff. He explained that the Bureau of Reclamation does a forecasted runoff and that as of January 1, the predicted runoff through July 1 is 407,000 acre feet. He said that there is currently 270,000 acre feet in storage.

Mr. Chamberlin said that the weather forecast for the next 60 to 90 days calls for below normal temperatures and around normal precipitation. He said that the burned area of the watershed does not contribute that much to the inflows. He said the only impact may be on water quality.

PROPOSED JOINT COMMITTEE MEETING WITH OLD OWYHEE DITCH COMPANY. Mr. Chamberlin proposed that the Joint Committee meet in March and invite members from the Old Owyhee Ditch Company to the meeting to discuss the spring startup of the project. The idea was discussed by the Committee members and after discussion, it was the consensus of the Committee members to have such a meeting.

OWYHEE DAM POWER PLANT. Mr. Chamberlin said that Riverside has done the machine work on the wicket gates and ring. He said that as soon as they get a boom truck, they will start getting the Dam Power Plant back together. He said the only question is on the thrust bearings.

RESERVOIR OPERATION. Mr. Chamberlin said that Oregon State Parks is wanting to expand the boat docks and want to come and talk to the Joint Committee on Reservoir operation during the boat dock work.

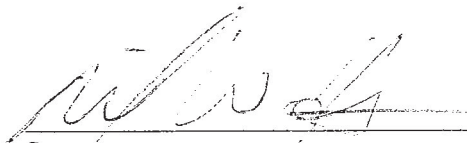
FISH SCREENS. Mr. Chamberlin said that Oregon Fish and Game is still raising the issue of fish screens. Mr. Chamberlin said that at the annual OWRC meeting he met with an engineering firm on getting a proposal to do a feasibility study on the cost of screening the tunnel inlet. He said the company has come back with a quote on the feasibility study and the cost of the study would be \$30,000. The matter was discussed

and Mr. Chamberlin was directed to investigate potential funding partners who could share in the feasibility study and report back in March.

B2H TRANSMISSION LINE. Mr. Horton reported that meetings and conference calls on the Environmental Impact Study for the proposed Idaho Power Boardman to Hemingway transmission line are continuing. He said that he and Mr. Chamberlin have been involved in the conference calls and meetings. He said that in addition, numerous documents are being reviewed by them as part of this process. He said that the date for the public release of the Environmental Impact Study continues to be pushed back to later dates and that currently the planned release is in the early summer.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 2:55 p.m.

Respectfully submitted,



Secretary

APPROVED: _____

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

January 22, 2013

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on January 22, 2013, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:05 a.m. Bruce Corn, 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; Harvey Manser, Assistant Manager; Mark Carpenter, OID Employee; Tyler Sweet, CPA; and Pat Sullivan, Dam Maintenance Company (who joined the meeting at 10:35 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 January 15, 2013.

MINUTES. The minutes of the December 18, 2012, meeting of the Board of Directors were mailed to the Directors prior to the meeting. Director White noted that the word “refunded” on page one of the minutes needs to be changed to “reduced” when referring to the insurance premium. The minutes were corrected. A motion was made by Director Nagaki, seconded by Director Ausman, and unanimously carried approving the minutes as corrected.

OWYHEE IRRIGATION DISTRICT FINANCIAL REPORT. Tyler Sweet said that the financial report for Owyhee Irrigation District is not yet ready.

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. Director Tschida asked if the District purchased fuel while prices were down. Mr. Chamberlin said that the 3,000 gallon take was filled. A motion was made by Director White, seconded by Director Ausman, 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. Nichols Accounting Group prepared a year-end financial report which Mr. Chamberlin said that he would hand out at the end of the meeting.

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

AT&T	\$27.04
Ralph Grimmer	375.00
Northwest Hydro Assoc.	161.66
SDAO	280.00
Owyhee Irrigation	131.17
Century Link	130.55
Nichols Accounting Group	<u>110.00</u>
Total	\$1,215.42

A motion was made by Director Tschida, seconded by Director White, and unanimously carried that the accounts payable for the Mitchell Butte Power Project, be paid. Mr. Chamberlin said that when Riverside Electric began to pull down the Mitchell Butte unit which they are working on, they found that a nut had come loose and that they believe this is what caused the wobbling in the unit. He said that it does not appear that the runners were damaged.

2013 BUDGET. Mr. Sweet handed out a proposed budget and went through it as the Directors reviewed it. A discussion was had on putting one dollar of the annual incurred charge back into the budget and using carryover for this year. Mr. Manser explained the OWEB grant reimbursement.

At 10:35 a.m., Pat Sullivan joined the meeting.

Mr. Manser reported on chemical carryover and planned chemical usage for the year with regard to the budget. Director Ausman asked about vehicle purchase options which were then discussed.

LARSON ACCOUNT. Mr. Horton and Mr. Chamberlin reported on the Larson delinquent account. They reported that the District should get paid this year. The possible collection of this account and factoring it in on the budget was discussed. The Directors determined that they could increase the revenue by \$30,000 in the budget and that this could help pay for the line item on the shop building in the budget.

2013 BUDGET (Continued). Discussion on the budget continued. Chemical usage on the District right of ways was discussed. Director White noted that staff has done a great job on the budget. President Corn agreed that the Board is getting great numbers on the budget. Mr. Sweet was instructed on the changes to make to the budget and it was determined that discussion on the budget would continue later this afternoon.

At 11:22 a.m., Tyler Sweet left the meeting.

DISTRICT REORGANIZATION. President Corn stated that this, the first meeting in January 2013, is the time for the reorganization of the Board.

ELECTION OF PRESIDENT. President Corn said that he is not sure if he will be putting in for the Oregon Water Resource Commission position, but that he is considering it. The need to free up time for President Corn was discussed. President Corn opened nominations for the election of the President of the District for the ensuing year. Director Tschida nominated Jerry Nagaki. Director Ausman seconded the nomination. Director White moved that nominations cease and that a unanimous ballot be cast for the election of Jerry Nagaki as President of the District for the ensuing year. The motion was seconded by Director Ausman and passed unanimously. Jerry Nagaki then took over chairmanship of the meeting as President.

ELECTION OF VICE-PRESIDENT. President Nagaki opened nominations for the election of a Vice-President of the District to serve during the ensuing year. Director Ausman nominated Dan Tschida. Director Corn seconded the nomination and moved that that nominations cease and that a unanimous ballot be cast for the election of Dan Tschida as Vice-President. The motion was seconded by Director Ausman and passed unanimously.

ELECTION OF SECRETARY. Mr. Horton opened nominations for the election of Secretary of the District for the ensuing year. Director Corn nominated Eric White. Director Ausman seconded the nomination. Director Ausman moved that nominations cease and that a unanimous ballot be cast for the election of Eric White as Secretary of the District for the ensuing year. The motion was seconded by Director Tschida and passed unanimously.

JOINT COMMITTEE REPRESENTATIVES. President Nagaki said that the representatives from OID to the Joint Committee need to be determined. A discussion was had. After discussion, a motion was made by Director White, seconded by Director Ausman, and unanimously carried designating Eric White, Frank Ausman, Dan Tschida, and Jerry Nagaki as representatives to the Joint Committee of the Owyhee Project with Bruce Corn as the alternate.

APPOINTMENT OF LEGAL COUNSEL. Mr. Horton said that his proposal for the upcoming year will be the same as last year. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried appointing the law firm of Stunz, Fonda, Kiyuna, & Horton, LLP, as attorneys for the District for the year 2013 and authorizing that a monthly retainer be paid in the amount of \$1,325 which shall be for up to 10 hours of work with any additional hours in such month to be billed at \$150 per hour with travel time to be billed at half the hourly rate and that out-of-pocket expenses be paid by the District in addition to the retainer amount.

DEPOSITORIES. Discussion was held concerning the depositories of the funds of the Owyhee Irrigation District. Mr. Chamberlin recommended that the District continue with the present depositories. A motion was made by Director Ausman, seconded by Director Corn, and carried unanimously that Sterling Savings Bank, Nyssa Branch; U.S. Bank, Nyssa Branch; and the Local Government Investment Pool as administered by the State Treasurer of Oregon, be

designated as the official depositories of the funds of the District, 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 Tschida, and Eric White, Directors of the District; Jay Chamberlin, Project Manager; and Michael W. Horton, Attorney; provided, however, that funds may be transferred electronically from bank accounts of the District to the Local Government Investment Pool, or from the Local Government Investment Pool to bank accounts of the District, by direction given by Jay Chamberlin.

INSURANCE AGENT OF RECORD. Mr. Horton stated that the next item of business is consideration of the District's insurance agent of record. A motion was made by Director Corn and was seconded by Director White that Ray Waldo and Field-Waldo Insurance be appointed as the District's insurance agent of record. The motion passed unanimously.

REGISTERED AGENT. Mr. Horton said that he has served as registered agent for the District and is willing to continue in that capacity. A motion was made by Director Corn, seconded by Director White, and unanimously carried appointing Mr. Horton as registered agent of the District.

SIPHON COATINGS. Pat Sullivan of Dam Maintenance Company addressed the Board. He thanked Mr. Chamberlin for his service on the Integrated Water Resources Committee. He said that if the District ever desires to get rid of their old laptop computers, his company would be interested in purchasing them. Mr. Chamberlin said that Mr. Sullivan wanted to discuss coating work and planning out repair work for the upcoming years. Mr. Sullivan said that he wants to be flexible. He said that he would like to see the District adopt a maintenance program and contract for those services. Mr. Horton explained public contracting issues. Mr. Sullivan said that he believes that the siphons are in good shape now and he then reported on an issue with the guard gates at the dam.

MEETING RECESS. At 12:06 p.m., President Nagaki declared the meeting in recess to reconvene after lunch.

MEETING RECONVENED. At 2:55 p.m., the meeting was reconvened, with the full Board being present, along with Mr. Chamberlin, Mr. Horton, and Mr. Manser.

SIPHONS. Maintenance on the siphons was discussed, along with Mr. Sullivan's presentation and proposal. Mr. Chamberlin said that he will investigate the matter further.

GIS. Mr. Chamberlin said that Geo Spatial in Vale has improved their GIS Program and will be offering more program for less money. He said that they will have more information available on their system for about half of last year's cost.

WATER MANAGEMENT AND CONSERVATION PLAN. Mr. Chamberlin said that the District is supposed to have a water management and conservation plan. He said that he is working in conjunction with OWRC in getting the plan updated. He said that he is working with an engineering firm in getting this accomplished.

PIPELINE PROJECTS. Mr. Chamberlin gave a status update on the pipeline projects.

2013 BUDGET (Continued). Discussion on the budget continued, along with a discussion on the proposed penstock repairs. The timing and costs of these repairs were discussed and it was determined that the budget could be adjusted by reducing the proposed annual incurred charge by .20 cents under the "Jet Flow Valves" line item.

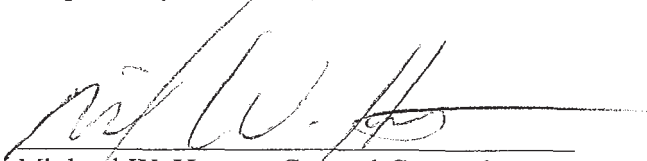
ANNUAL INCURRED CHARGES. A motion was made by Director Tschida, seconded by Director Corn, and unanimously carried setting the annual incurred charges for 2013 at \$55.80 per acre and that there be a \$75.00 service charge imposed on subdivided and small tract lands consisting of five acres or less within the District, in addition to the total annual incurred charges.

BUDGET PREPARATION. The costs incurred in preparing the budget were discussed. Mr. Horton will notify Mr. Sweet of the budget changes made at today's meeting.

ANNUAL PATRON MEETING. The annual patron meeting was discussed. After discussion, it was the consensus of the Board to have the annual patron meeting on February 19, 2013, at 1:00 p.m., at the Cairo Grange. The February Board of Directors' meeting will be at 10:00 a.m., at the Grange on that date.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 4:07 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____