

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

February 16, 2011

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on February 16, 2011, at the Cairo Grange Hall in Ontario, Oregon, at 9:58 a.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Dan Tschida	Eric White
Frank Ausman	Bruce Corn

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, General Counsel; Harvey Manser, District Assistant Manager; Tom Zittercob, Hydro Operator; and Kris Ward, OID Bookkeeper.

MEETING NOTICE. Mr. Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting on February 8, 2011.

MINUTES. The minutes of the January 18, 2011 meeting of the Board of Directors were mailed to the Directors prior to the meeting. A motion was made by Director Ausman, seconded by Director White, and unanimously carried approving the minutes as mailed.

DISTRICT FINANCIAL REPORT. Jay Chamberlin passed out a revised financial report for the period ending December 31, 2010, for the District, which was prepared by Nichols Accounting. The Directors reviewed the report.

DISTRICT ACCOUNTS PAYABLE. The accounts payable for the District were reviewed and discussed by the Directors. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried approving payment of the accounts payable as presented.

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project for the period ending January 31, 2011. The Directors reviewed the report.

Owyhee Dam Power Project Accounts Payable. Mr. Chamberlin presented the accounts payable for the Owyhee Dam Power Project. The accounts payable are as follows:

Nichols Accounting Group	\$303.00
Oregon-Idaho Utilities	.72
South Board of Control	504.00
Bruce Corn	285.00
Frank Ausman	268.75
Jerry Nagaki	312.50
Benson Glass	35.00
Qwest	27.38
Dan Tschida	312.50
Eric White	106.00
Dominick's Printing	<u>257.00</u>

Total \$2,411.85

A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried that the accounts payable as presented for the Owyhee Dam Power Project, be paid.

DISTRICT FINANCIAL REPORT (Continued). Mr. Chamberlin handed out a financial report for the District for the period ending January 31, 2011. The report was reviewed and discussed. There was a question with regard to where the January payments show up in the report. The question will be asked to Mr. Kemble. Mr. Manser asked if the budget needs formal adoption. The matter was discussed and the Board consensus is that the assessment reflects the budget and that it does not need to be formally adopted.

MITCHELL BUTTE POWER PROJECT.

Generation Report. Mr. Chamberlin said that the generation report for Mitchell Butte is in the Directors' packets. The report was reviewed by the Directors. President Corn asked if the grant money has come in. Mr. Chamberlin said that part of it has.

Accounts Payable. Mr. Chamberlin presented the following accounts payable for the Mitchell Butte Power Project:

AT&T	\$ 31.61
Qwest	119.85
Marten Law	404.92
Sunrise Engineering	5,798.00
Nichols Accounting	<u>75.00</u>
Total	\$6,024.46

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

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel #1 Power Project for the period ending January 31, 2011. The Directors reviewed the financial report.

Accounts Payable. Mr. Chamberlin presented the following schedule of accounts payable for the Tunnel #1 Power Project:

Riverside Inc.	\$ 480.05
Bolens Control	157.47
Nichols Accounting Group	<u>383.00</u>
Total	\$1,020.52

A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried that the accounts payable, as presented, for the Tunnel #1 Power Project, be paid.

HOUSE BILL 3111. Mr. Horton said that the water right certificates for the water rights under House Bill 3111 must be proved up by October 2012. He said that a water rights examiner must certify that the water is being put to beneficial use. He explained that the permit requires that any fish screens required by Oregon Department of Fish and Wildlife will be installed. Mr. Horton and Mr. Chamberlin explained that this is an issue. Mr. Horton said that he and District staff met with the water rights examiner and Bureau of Reclamation staff. He said that everyone is working on addressing this issue. Mr. Chamberlin said that OWRC is working on legislation at the state level, which was introduced yesterday, which should address the fish screening issue. Mr. Chamberlin said that he will be testifying on the bill. A discussion was had on fish screens.

MITCHELL BUTTE REHAB. Mr. Chamberlin said that he let ARRA know that the District cannot meet the deadlines imposed. He said that Mr. Belmont told him that he will not pull the plug on the grant until the bills are all in and that ARRA will then take another look at it. Mr. Chamberlin said that he, Mr. Manser, and Mr. Miller met with Idaho Power on negotiations for power rates for the Mitchell Butte Project. Mr. Chamberlin reported on that meeting. President Corn noted that the ARRA time lines were what killed the project this time around. He said that if the District rushed through the process, that undoubtedly mistakes would have been made.

EQUIPMENT PURCHASES. Mr. Manser said that he got a quote from John Deere on a rotary mower and tractor. He said that the quote was for a two-year lease option with full ownership at the end of the second year. He said that the payments would be approximately \$27,000 each year. He said that the advantage to the rotary mower is that it will not get into the dirt as much. He said that the width and speed will be an advantage. Mr. Chamberlin said that one of the old mowers would be surplus and the older mower would be kept. He said that the components and flails of the mower being surplus would be kept. President Corn noted that a rotary mower would require more maintenance. A discussion on the mowers was had. It was noted that there may be a safety issue if the portion of the mower which folds up does not shut off when folded up. The matter was discussed.

After discussion, it was the consensus of the Board to have the District put out an RFP for an American made tractor and mower with the ability to run with one side up.

BACKHOE. Mr. Manser said that the District has not put out an RFP on the backhoe yet. He said that they are waiting for money to come in. Director Tschida said that an RFP should be put out before the water comes in as it will be needed at that time. A discussion was had on an extended warranty for the backhoe which was last purchased. A motion was made by Director Tschida, seconded by Director White, and unanimously carried authorizing the purchase of an extended warranty for the backhoe for an amount not to exceed \$4,000.

NATIONAL COMMITTEE ON LEVEE SAFETY. Mr. Chamberlin explained that after Hurricane Katrina, the Federal Government created a committee to do an analysis on levees. He said that now the committee is looking at canal banks and the possible application of levee standards to those canal banks. He said that USBR has been looking at this and doing their own studies. Mr. Chamberlin said that if the Districts have to meet levee standards, that it would cost a huge amount of money.

LOWER OWYHEE REHABILITATION PROJECT. At 11:25 a.m., Adena Green and Linda Rowe from SWCD joined the meeting. They reported on the Fletcher and Newell Pipeline Projects. They said that the projects have been renamed as Phase #1 and Phase #2 of the Lower Owyhee Rehabilitation Project. Fletcher is Phase #1 and Newell is Phase #2. They reported that Fletcher has been recommended for funding and that the project will need to be completed two years after the contract is signed. She said that it is anticipated that the contract would be signed this summer. Mr. Chamberlin said that the project would be done partially in 2011 and the rest in 2012. Adena Green explained that the OWEB grant is for materials and that a USBR grant will be for the installation. She said that the grant for Newell has not been submitted yet. She explained that the USBR grant is also for two years. She said that she needs an approval letter. A motion was made by Director White, seconded by Director Ausman, and unanimously carried authorizing President Corn to sign letters expressing the District's commitment to these projects.

Adena Green said that a resolution is also needed. A motion was made by Director Ausman, seconded by Director White, and unanimously carried adopting the following resolution:

RESOLVED, that Owyhee Irrigation District shall apply for the USBR Water SMART Grant for \$300,000 of financial assistance for the Lower Owyhee River Rehabilitation Project; President Bruce Corn is authorized to enter into any required grant agreement on behalf of the District; the Board of Directors having reviewed the application submitted, supports the application; Owyhee Irrigation District has the capability to provide the funding and/or in-kind contributions specified in the funding plan; and Owyhee Irrigation District will work with USBR to meet established deadlines for entering into a cooperative agreement.

President Corn said that the District has to be proactive. He said that there has been a lot of improvements like drip systems and other improvements on farms. He asked if SWCD has been documenting this and Adena Green said that they have not. She said that she would like farmers to let her office know about on-farm improvements that were not grant funded.

At 11:42 a.m., Adena Green and Linda Rowe left the meeting.

NPDES PERMIT. Mr. Chamberlin said that EPA is coming out with a proposed NPDES permit. He said that Oregon DEQ says that Endothal may need further analysis. He gave a history on Endothal use. He explained what is happening in the permitting process and he said that he is not sure if Endothal use will be allowed later this year. He said that the District may end up having to go back to Magnacide at a much higher cost. Mr. Manser explained that a new company has bought out Magnacide and that they have a contract that they would require the District to sign before allowing the District to use the product. Mr. Chamberlin said that Mr. Horton will need to review the proposed contract.

DISTRICT CASH FLOW. Mr. Chamberlin provided a handout on current cash flows which was reviewed and discussed by the Directors. He said that he needs to tap into the reserves to cover operating expenses for the next couple of months. He said that he wants to pull \$30,000 from Mitchell Butte and \$90,000 out of the operating reserves until the assessments come in. He said that once the assessments come in, the \$90,000 would be put back into the reserve account. A motion was made by Director Ausman and was seconded by Director White authorizing Mr. Chamberlin to use \$90,000 out of the District's operating reserves for operations with the money to be put back into reserves by May 1, 2011. A vote was had on the motion. Directors Ausman, White, and Corn voted in favor of the motion and Director Tschida voted against. The motion passed on a vote of three to one.

PUMP BACK STORAGE. Mr. Chamberlin said that he received a phone call from a gentleman representing pensions who said that he has a lot of money available to invest in projects like the proposed pump back storage system. Mr. Chamberlin said that he met with Ron Keester and discussed the pump back idea with him. Mr. Chamberlin said that he would like the Joint Committee to discuss the matter in March with USBR staff coming over. President Corn said that perhaps the meeting could be in Homedale.

EMPLOYEE POLICIES. The Board reviewed proposed policies which Mr. Chamberlin handed out. President Corn said that he is still concerned with work hours during the winter. Director Tschida said that he would like to see three evaluations done on probationary employees. A few corrections were made to the proposed policies. A motion was made by Director White, seconded by Director Tschida, and unanimously carried adopting the policies as amended.

WATER FORECAST. President Corn said that there is more storage in the reservoir than there was at the peak last year. Mr. Chamberlin said that he has not flown yet. He said that according to the forecasts and reports, there is still a lot of water in the snow at Mud Flat. He said that the Bureau of Reclamation is predicting good stream flows for the season. He said that the ground is wet and the area could still get a pretty good runoff.

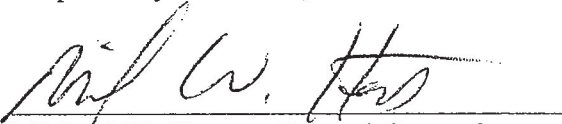
PACIFIC RIM FERC FILING. Mr. Chamberlin noted that he put a letter in the Director Packets from Pacific Rim regarding their FERC filing. He said that there is a lot of misinformation in the letter. The matter was discussed.

PUMP BACK STORAGE (Continued). Mr. Chamberlin said that he has gotten calls from big-end money people about the project. Mr. Zittercob said that if the Districts were to get FERC or USBR permits, then money people will show up. Mr. Chamberlin said that USBR staff are very interested. The cost of the permitting process was discussed.

EMPLOYEE HARASSMENT POLICIES. Mr. Manser asked if the Board wants to approve the Employee Harassment Policies which were handed out at last month's meeting. The matter was discussed. Mr. Manser was asked to bring the proposed policies to the next Board meeting.

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: _____