

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

January 20, 2015

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on January 20, 2015, 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:

Jerry Nagaki	Bruce Corn
Frank Ausman	Dan Tschida

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, OID Assistant Manager; Larry Meyer, Argus Observer; and Nicole Sullivan, Owyhee Watershed Council.

MEETING NOTICE. The meeting agenda showed that public notice as to the meeting was given on January 15, 2015.

MINUTES. The minutes of the meeting of the Board of Directors held on December 22, 2014, were mailed to the Directors prior to the meeting. A motion was made by Director Corn, seconded by Director Ausman, and unanimously carried approving the minutes as mailed.

TWILIGHT AREA PIPELINE GRANT. Nicole Sullivan gave a presentation on grants which she is applying for on the Twilight area pipeline. She spoke on the process involved in applying for the grants. She said there is a water smart grant application with the Bureau of Reclamation that needs to be submitted right away. She said this is on phase 3 of the Lower Owyhee River Restoration Project. Mr. Chamberlin explained Harlan Garner's proposed tie-in to the pipeline. Mr. Horton presented a proposed resolution. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried adopting the following resolution:

RESOLVED, that Owyhee Irrigation District shall apply for the USBR Water SMART: Water and Efficiency Grant for FY2015, No. R15A00002 for \$296,724.00 of financial assistance for the Lower Owyhee River Rehabilitation Project Phase III; President Jerry Nagaki 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.

SDAO ANNUAL CONFERENCE. Mr. Chamberlin advised the Board that SDAO's annual conference will be held in Eugene in February. He said that he, Kris Ward, and Mr. Horton will be attending.

OWYHEE IRRIGATION DISTRICT FINANCIAL STATEMENT. Mr. Chamberlin said that Nichols Accounting is still working on the financial statement for the District. He said this is more involved since it is a year-end statement.

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. A motion was made by Director Corn, seconded by Director Ausman, 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 the listed accounts payable. A motion was made by Director Tschida, seconded by Director Corn, and unanimously carried approving payment of the following accounts payable:

AT&T	\$38.25
Verizon	55.48
Century Link	<u>133.89</u>
Total	\$227.62

At 10:30 a.m., Nicole Sullivan left the meeting.

REORGANIZATION. President Nagaki stated that this being the first meeting of the new year, it is the time for the Board to be reorganized.

ELECTION OF PRESIDENT. President Nagaki opened nominations for the election of the President of the District for the ensuing year. Director Jerry Nagaki was duly nominated and elected.

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 Dan Tschida was duly nominated and elected as Vice-President.

ELECTION OF SECRETARY. President Nagaki opened nominations for the election of Secretary of the District for the ensuing year. Director Eric White was duly nominated and elected as Secretary.

JOINT COMMITTEE REPRESENTATIVES. Mr. Horton said that representative from OID to the Joint Committee need to be determined. A discussion was had. After discussion, the Directors appointed Eric White, Frank Ausman, Bruce Corn, and Dan Tschida as representatives to the Joint Committee with Jerry Nagaki being the alternate.

APPOINTMENT OF LEGAL COUNSEL. Mr. Horton said that his proposal for the upcoming year will be to increase his monthly retainer to \$1,400 per month and increase the hourly rate to \$156 per hour. A motion was made by Director Tschida, seconded by Director Corn, and unanimously carried appointing the law firm of Stunz, Fonda, Kiyuna, & Horton, LLP, as attorneys for the District for the year 2015 and authorizing that a monthly retainer be paid in the amount of \$1,400 which shall be for up to 10 hours of work with any additional hours in such month to be billed at \$156 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 with Sterling Bank being changed to Umpqua Bank. The consensus of the Board is to continue with the same depositories with the change to Umpqua Bank.

INSURANCE AGENT OF RECORD. Mr. Horton stated that the next item of business is consideration of the District's insurance agent of record. He said that Ray Waldo and Field Waldo Insurance is currently the District's agent of record. A decision to continue with Ray Waldo and Field Waldo Insurance as the District's agent of record was reached by consensus.

REGISTERED AGENT. Mr. Horton said that he has served as registered agent for the District and is willing to continue in that capacity. It was the consensus of the Directors to continue to have Mr. Horton serve as registered agent of the District.

ANNUAL WATER USERS' MEETING. The Board discussed when to have the annual water users' meeting. After discussion, it was determined that the meeting would be held March 17, 2015, in Ontario. Mr. Chamberlin will arrange for the meeting location.

INCURRED WATER CHARGES. Mr. Horton said that the Board needs to set the incurred water charges. A motion was made by Director Ausman, seconded by Director Corn, and unanimously carried setting the annual incurred charge at \$56.50 per acre with the bill to be due and payable on the earlier of April 15 or prior to water delivery and delinquent after April 15. In addition, a service charge shall be imposed on subdivided and small tract lands consisting of five acres or less at the rate of \$75.

OREGON DEPARTMENT OF AGRICULTURE WATER QUALITY ACTIVITIES. Mr. Chamberlin updated the Board on recent ODA activities relating to water quality. He also updated the Board on water testing.

B2H PROPOSED POWER LINE. Mr. Horton and Mr. Chamberlin gave an update on the recent open house to receive comments on the proposed Boardman to Hemmingway Power

Line Project. Mr. Horton and Mr. Chamberlin reported on the draft Environmental Impact Study which the Bureau of Land Management has put out for comment. Mr. Horton and Mr. Chamberlin explained the potential problems with the proposed power line route. They made a recommendation that the Board oppose the proposed route and support the Malheur S alternative route. Mr. Horton read proposed comments on the route. A motion was made by Director Corn, seconded by Director Ausman, and unanimously carried that the Board submit comments as proposed by Mr. Horton objecting to the proposed B2H power line route and supporting the Malheur S alternative route.

MOU WITH OLD OWYHEE DITCH COMPANY. Mr. Chamberlin advised the Board of Directors that there is an upcoming meeting with USBR staff and Old Owyhee staff with regard to working on the MOU for the upcoming season.

ANNUAL EMPLOYEE TRAINING. Mr. Chamberlin gave a report on recent annual employee training. He said that overall the training went well.

POSSIBLE PERS 457 PLAN. Mr. Chamberlin said that during the employee meeting, a presentation on a PERS 457 Retirement Plan was made. He said that District employees were interested in such a plan and he is gathering more information to present to the Board.

DISTRICT EQUIPMENT. Mr. Chamberlin gave an update on existing District equipment, recent equipment purchases, and proposed equipment purchases. The Board discussed the equipment and after discussion, it was the consensus of the Board to purchase a used dozer.

SURPLUS PROPERTY. Mr. Chamberlin presented a list of property he would like to see surplus. A motion was made by Director Ausman, seconded by Director Tschida, and unanimously carried adopting the following resolution:

RESOLVED that the below listed property is hereby declared to be surplus and the Owyhee Irrigation District Manager is authorized to sell and dispose of such property in such manner as benefits the Owyhee Irrigation District:

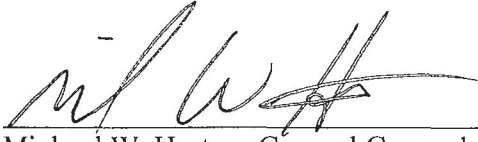
2001 Ford F 150	VIN # 2FTPX18Z31CA66426	(Lic # 243710)
1998 Dodge 2500	VIN # 3B7KC26Z3WM272646	(Lic # 233501)
2005 Chevrolet Tahoe	VIN # 1GNEK13ZX5J226085	(Lic # 247946)
1984 International 52200	VIN # 1HSZBJSROEHA48555	(Lic # 182188)
1979 Ford 9000	VIN # U91UVDG6154	(Lic # 188365)
1959 or 1960 Caterpillar D7H Dozer	VIN # 122371	(230)

DIRECTOR COMMENTS. Director Tschida asked about water usage from the canals. Mr. Chamberlin explained.

UPDATE ON MITCHELL BUTTE. Mr. Chamberlin said that he is going to be meeting with Ted Sorenson tomorrow with regard to resources available in operating the Mitchell Butte Power Plant this upcoming season.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 12:02 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. W. Horton", written over a horizontal line.

Michael W. Horton, General Counsel

APPROVED: \_\_\_\_\_

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

January 20, 2015

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 20, 2015, at 1:00 p.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

Frank Ausman	Jerry Nagaki - OID Alternate
Dan Tschida	Chris Landa
Bruce Corn	Brett Nielson

Also present were: Jay Chamberlin Manager of the Hydro Projects; Harvey Manser, OID Assistant Manger; Michael W. Horton, Attorney; Clancy Flynn, South Board Manager; and Larry Meyer, Argus Observer Newspaper.

MEETING NOTICE. The meeting agenda showed that public notice of the meeting was given on January 15, 2015.

MINUTES. The minutes of the meeting of the Joint Committee held on December 22, 2014, were mailed to the Committee members prior to the meeting. A motion was made by Mr. Corn, 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, Bruce Corn, Eric White, and Dan Tschida as representatives to the Joint Committee with Jerry Nagaki being the alternate. Chris Landa said that South Board has designated Brett Nielson and Chris Landa as representatives to the Joint Committee with Mark Aman being the alternate.

Chairman. Chairman Frank Ausman opened nominations for the office of Chairman. Mr. Corn nominated Frank Ausman as Chairman. Mr. Tschida seconded the nomination and made a motion that nominations be closed and a unanimous ballot cast for Frank Ausman as Chairman of the Joint Committee. Mr. Nagaki 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. Corn nominated Chris Landa. Mr. Nielson seconded the nomination. Mr. Tschida made a motion that nominations be closed and an unanimous ballot cast for Chris

Landa as Vice-Chairman of the Joint Committee. Mr. Corn seconded the motion. A vote was held and a unanimous ballot was cast for Chris Landa 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 at the rate of \$156.00 per hour. A motion was made by Mr. White, seconded by Mr. Nagaki, 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 \$156.00 per hour, plus expenses.

Depositories. A Discussion was held concerning the depositories of the funds of the Joint Committee. It was the consensus of the Committee members to maintain the same depositories currently being used on the same terms and conditions as previously approved, with Sterling Bank being changed to Umpqua Bank.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Tunnel Power Project for the month of December. The Committee Members reviewed the report.

TUNNEL #1 POWER PROJECT ACCOUNTS PAYABLE. The Agenda did not show any accounts payable for the month for the Tunnel #1 Power Project. Mr. Chamberlin said the Committee will probably see a double-up on expenses next month.

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the Owyhee Dam Power Project for the month of December. The Committee Members reviewed the report.

OWYHEE DAM ACCOUNTS PAYABLE. The Committee members reviewed the accounts payable for the Owyhee Dam 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	\$32.95
Stunz, Fonda, Kiyuna & Horton	1,246.25
Oregon Idaho Utilities	<u>325.00</u>
Total	\$1,427.40

MOU WITH OLD OWYHEE DITCH COMPANY. Mr. Horton gave an update on the MOU with Old Owyhee Ditch Company. He said that there is a meeting coming up on January 26 with USBR staff and Old Owyhee to continue work on a long-term agreement.

B2H POWER LINE. Mr. Horton and Mr. Chamberlin reported on a recent open house on the draft Environmental Impact Study which the Bureau of Land Management has put out for comment. Mr. Horton and Mr. Chamberlin explained the potential problems with the proposed power line route. They made a recommendation that the Committee oppose the proposed route and support the Malheur S alternative route. Mr. Horton read proposed comments on the route. A motion was made by Mr. Nielson, seconded by Mr. Landa, and unanimously carried that the Joint Committee submit comments as proposed by Mr. Horton objecting to the proposed B2H power line route and supporting the Malheur S alternative route.

SAGE GROUSE LEGISLATION. Mr. Chamberlin reported on recent federal legislation that ties the hands of US Fish and Game to spend money on possible Sage Grouse listing as an endangered species.

COUNTY BOAT RAMP AT OWYHEE RESERVOIR. Mr. Chamberlin gave a short history on the recent issues with the county boat ramp at Owyhee Reservoir. He said that he and Mr. Horton were able to get the Bureau of Reclamation representatives and county representatives together to discuss the matter. He said that other than that, there is no new activity to report.

OWYHEE LAKE ROAD GRANT. Mr. Chamberlin said Malheur County is applying for a grant to do an engineering study for improving the Owyhee Lake Road. He said the county would like a letter supporting the grant application. Mr. Horton presented a resolution supporting the grant application. A motion was made by Mr. Corn, seconded by Mr. Nielson, and unanimously carried adopting the following resolution:

RESOLVED, that the Joint Committee of the Owyhee Project supports Malheur County's and the United States Bureau of Land Management's Application for a 2015 Oregon Federal Lands Access Program Grant for funds to assist with an engineering design for a structural overlay of Owyhee Lake Road from Overstreet Road to the Owyhee Reservoir because the Joint Committee of the Owyhee Project operates and maintains the Owyhee Dam and the hydro electric power facilities located at the Owyhee Dam; and Owyhee Lake Road is the only access to the Owyhee Dam and if access to the Owyhee Dam were to be hindered due to the deterioration of Owyhee Lake Road, flood control for the Western Treasure Valley would be at risk, as would the irrigation of over 68,000 acres of farmland which is crucial to the economy of the Western Treasure Valley.

PENSTOCK COATINGS. Mr. Chamberlin gave an update on the penstock coatings work. He said that two of the penstocks have been coated and that staff is waiting for more coating material to arrive in order to complete the last one.



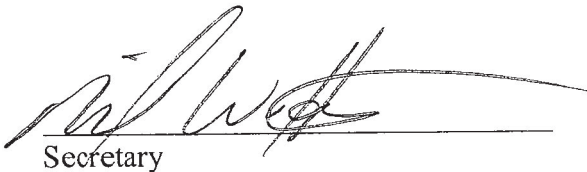
GUARD GATE #8 FOR TUNNEL #1. Mr. Chamberlin said that staff is getting other projects done before starting work on the guard gate again. He said that the tunnel facility can operate without the guard gate opening.

WATER AND STORAGE UPDATE. Mr. Chamberlin passed around handouts on stream flow, storage, and snow pack. These handouts included an NRCS snow precipitation update. The Committee members reviewed the handouts. Mr. Chamberlin said that storage is a little better than last year, but he feels the system is poised to get better inflows than it did last year. The reports show 106% total precipitation in the watershed. Mr. Chamberlin said that the long-range forecast is that precipitation will come as rain rather than as snow. He said that he will try to fly the snow course in a couple of weeks. He said that overall, the project should be in a little better position than it was last year. The impact of the drought was discussed.

NEW SOUTH BOARD MANAGER. Clancy Flynn introduced himself as the new South Board Manager. He gave a short history of his background.

ADJOURNMENT. There being no further business, the meeting was adjourned at 2:15 p.m.

Respectfully submitted,

  
Secretary

APPROVED: \_\_\_\_\_