

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

June 18, 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 June 18, 2013, at 8:00 p.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

Frank Ausman	Jerry Nagaki
Eric White	Rick Smith
Dan Tschida	Chris Landa

Also present were: Jay Chamberlin, Manager of the Hydro Projects; Michael W. Horton, Attorney and Secretary of the Joint Committee; Harvey Manser, OID Assistant Manager; Ron Keester, South Board Manager; Bruce Corn, OID Alternate; Dennis Turner, South Board; J.L. Eldred, OID Watermaster; Brian Richins, CPA; Lynn Larson, NRCS; and Linda Row, SWCD.

MEETING NOTICE. Mr. Chamberlin said that the meeting notice was sent out on June 13, 2013, to the media as to the time, date, and place of the meeting.

MINUTES. The minutes of the meetings of the Joint Committee held on March 19, 2013 and April 1, 2013, were mailed to the Committee members prior to this meeting. A motion was made by Mr. Smith, seconded by Mr. Tschida, and unanimously carried approving the minutes as mailed.

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 May 31, 2013. The Committee members reviewed the financial report. Mr. Chamberlin said that the Tunnel Power Plant shut off on June 7. He said that he has been in communication with the State of Oregon Energy Loan Program staff about the water situation. Mr. Chamberlin said that there will be less power made at the Dam because of pumping. Mr. White said that the Committee just needs to remember that the project is here to provide irrigation water and not make power. A motion was made but Mr. Smith, seconded by Mr. Landa, and unanimously carried approving the financial statement as presented.

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

AT&T	\$15.96
McGowan Computers	218.97
Oregon-Idaho Utilities	112.24
Nichols Accounting Group	<u>650.00</u>
Total	\$997.17

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 May 31, 2013. The Committee members reviewed the financial report. Mr. Landa asked how the power plant has been running since the work has been done. Mr. Chamberlin said that Mr. Zittercob said that the plant is running better than when it was new. A motion was made by Mr. Landa, seconded by Mr. Nagaki, and unanimously carried approving the financial report as presented.

OWYHEE DAM ACCOUNTS PAYABLE . The Committee members reviewed the accounts payable for the Owyhee Dam Power Plant as listed on the agenda. A motion was made by Mr. Nagaki, seconded by Mr. Tschida, and unanimously carried approving payment of the following accounts payable:

Oregon Idaho Utilities	\$168.36
McGowan Computers	218.97
Verizon	164.38
Stunz, Fonda, Kiyuna	50.00
Owyhee Irrigation	17.88
Century Link	45.00
Nichols Accounting Group	<u>650.00</u>
Total	\$1,314.59

WATER FORECAST. Mr. Chamberlin handed out reports on storage, stream flows, and snow pack. The Committee members reviewed the reports. Mr. Chamberlin noted that storage is way below average. He said that the carryover from last year has kept the irrigation going this long. Mr. Chamberlin said that stream flows are predicted to be at historic lows. He said that current storage is 245,000 acre feet in the reservoir a few hours ago. He said that according to his calculation, 50% of the 3 acre feet allotment has been delivered so far. He said that it is his recommendation not to increase the allotment.

Mr. Chamberlin said that the Snake River is going down and the pumps in the river are starting to have problems. He said that the North Canal and South Canal are both full. He said that hot weather and high winds have really dried things up. Mr. White noted that this is the driest spring he can remember ever going into. Mr. Chamberlin said that approximately 3,000 acre feet are pulled out of the reservoir each day. Mr. Keester said that he predicts that the storage in the reservoir as of the 1st of July will be down to 200,000 acre feet. He said he thinks that after the 1st of September, there will not be much water left.

Mr. Chamberlin said that the number of pivots going in have really put a strain on the system. Lynn Larson from NRCS confirmed that a number of pivots have gone in the last few years. Chairman Ausman said that the Districts may want to get the word out to farmers not to water grain stubble this year. Mr. Keester said that is a reason to keep the allotment at 3 acre feet. He said South Board has zero spills going down to the Gem Pumping Station.

Snake River water rights were discussed. Mr. Keester noted that Idaho has all but dried up. Mr. Chamberlin said that given all of these factors, he recommends keeping the allotment at 3 acre feet. A motion was made by Mr. Landa to leave the allotment at 3 acre feet. Mr. Smith seconded the motion, which passed unanimously.

FERC INSPECTION. Mr. Chamberlin said that representatives from FERC inspected the Tunnel and Dam Power Plants. He said that Oregon Fish and Wildlife staff were also in on the inspections. He said that overall the inspections went well.

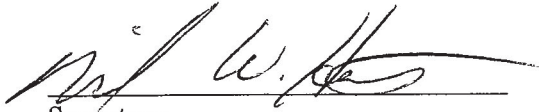
COLUMBIA RIVER INITIATIVE. Mr. Keester said that he has been to meetings on the treaty on the Columbia River with Canada. He said that it is hard to know where things are actually going. Mr. Chamberlin said that in visiting with Norm Semanko, it looks like this will be an extended long process.

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 everyone will want to pay attention to the proposed routes and alternate routes when the study becomes public.

FDA PROPOSED RULE MAKING ON ECOLI. Mr. Keester said that he recently attended a meeting and at the meeting he learned that the proposed FDA rules on ecoli will be a huge issue for the lands under the Owyhee Project. Linda Rowe said that the ecoli levels in the water in the canals is above the FDA standard even before the water gets to fields. Mr. Corn said that the proposed rules, if they go through as currently written, will have a huge negative impact on onion production in the area. He said that the comment period on the rules is currently open and will remain open through September. He encouraged everyone to make comments. The matter was discussed. Linda Rowe said that she will send Mr. Chamberlin literature on the matter so that he may submit comments.

ADJOURNMENT. A motion was made by Mr. Landa, seconded by Mr. Tschida, and unanimously carried that the meeting be adjourned. The meeting was adjourned at 8:50 p.m.

Respectfully submitted,


Secretary

APPROVED: _____

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

June 18, 2013

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on June 18, 2013, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 8:51 p.m. Jerry Nagaki, 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; J.L. Eldred, District Watermaster; Lynn Larson, NRCS; Linda Rowe, SWCD; and Brian Richins, Auditor.

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 June 13, 2013.

MINUTES. The minutes of the May 21, 2013, meeting of the Board of Directors were mailed to the Directors prior to the meeting. A motion was made by Director Corn, seconded by Director White, and unanimously carried approving the minutes as mailed.

POTENTIAL IMPROVEMENT PROJECT ON SHEPARD AND COYOTE GULCH DRAINS. Lynn Larson said that NRCS is considering some type of conservation improvement project in the Shepard and Coyote Gulch drain area. He handed out a map on a proposed conservation improvement area. The Directors reviewed the map. Linda Rowe said that there have been landowners in the area coming into the County Soil and Water District office expressing interest in wanting to do something in the area. Mr. Chamberlin noted that the lands within the area are irrigated with both pump and north canal water. Linda Rowe said that they are not sure what they want to do in the area yet, but they are thinking along the lines of possible drain cleanup, piping, sediment collection, or any other ideas that may come up. Mr. Chamberlin stated that the District has the right to reuse drain water and he would like to look at some type of recapture system. Director Corn asked if any funding for such a project would hurt funding for the Newell Pipeline Project. Mr. Larson said that it would not and that there is no NRCS money going into the Newell project next year. Director White noted that having another project like this going at the same time as these other pipeline projects would spread the District staff too thin. Mr. Chamberlin said that the Newell Pipeline Project Phase #1 is funded and that a bid is out for pipe. He said that applications are still in for funding Phase #2. Mr. Larson said that he would like other projects identified and ready to fund ahead of time. He said that he would like to see the District look at a project in this area in 2015. The Newell Pipeline Project was discussed further.

Mr. Horton explained to Mr. Larson and Ms. Rowe that the District Board needs to be kept in the loop on any contemplated projects. He said that often times the Board is told about the idea for a project with very little specifics and then a couple of years later the Board is approached with a deadline for a project having had no communication in the meantime. Ms. Rowe said that they will be having a landowners' meeting in July on the proposed conservation area to see if there is any landowner interest in pursuing a project in that area. Mr. Larson and Ms. Rowe assured the Board that they would stay in communication with the Board on any contemplated projects. Water rights and return flows in the area were discussed.

At 9:16 p.m., Linda Rowe and Lynn Larson left the meeting. The matter was discussed further by the Board of Directors.

2012 AUDIT. Brian Richins handed out an audit report for 2012, along with graphs and charts. He first read through an audit letter and then went through the graphs and charts as the Directors reviewed them. He noted that the O&M expenses and revenues are matching up quite well. He then went through a list of recommendations and suggestions. He noted that the O&M assessments are still showing a higher amount than the acreages support and he is having staff further investigate the issue which is believed to be a computer issue.

Mr. Richins noted that the District has not been taking funds out of the hydro accounts to reimburse the District for Mr. Zittercob's contract. The consensus of the Board was that they thought that this was being done and that the reimbursement should be based upon electrical generation. Mr. Chamberlin said that he will investigate the matter further.

Mr. Richins said that the Board needs to consider switching the District from an accrual basis to a modified cash basis. He explained the difference and noted that it would be less cost to the District to do so. He said that he has not talked to Nichols Accounting yet on the matter. He said that he will speak to them and report back to Mr. Chamberlin should he want to recommend the change.

Mr. Richins said that overall the audit went well. The USBR Reserve Fund was discussed. The contract with USBR was referred to. After reviewing the contract and discussing the matter, it was the consensus of the Board that the amount in the USBR Reserve Fund should be that amount which will make the District in compliance with the USBR contract. Mr. Richins said that he will visit with Nichols Accounting to resolve the issue.

Mr. Richins said that the audit report needs to be to the Secretary of State by June 30. A motion was made by Director Tschida, seconded by Director Ausman, and unanimously carried that the audit report be approved.

OWYHEE IRRIGATION DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out a monthly financial report for the District which was prepared by Nichols Accounting Group. The report was reviewed and discussed by the Directors. Mr. Chamberlin said that the writeoffs showing on the financial report are cleaning up computer discrepancies.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Two lists of the District's accounts payable for the month were included in the Directors' packets. The lists were reviewed and discussed. Director Tschida said that with a short water year, the District should save some weed control money. Mr. Manser said that is probably the case, but staff will have to keep the drains clear to get the water all the way to the end of the project. Mr. Eldred explained the situation at the Dunaway Pumping Plant. A motion was made by Director White, seconded by Director Corn, and unanimously carried approving and ratifying 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 the following accounts payable for the Mitchell Butte Power Project:

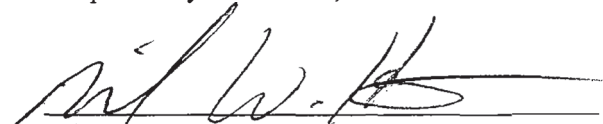
Verizon	\$31.15
Century Link	129.79
McGowan	218.65
AT&T	105.74
Nichols Accounting Group	<u>220.00</u>
Total	\$705.65

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

DAVID ISHIDA. Mr. Chamberlin said that David Ishida has had a major health issue and is requesting an advance of his annual leave. Mr. Chamberlin said that he does not expect him back this season and that he has 17 days of available annual leave currently. The matter was discussed. Director White noted that Mr. Ishida has been a long-term employee and that he has paid back past advances. He said that he would support an advancement of three weeks and see where things are at next month. A motion was made by Director Corn, seconded by Director White, and unanimously carried that three weeks of annual leave be advanced to Mr. Ishida and the District Board will reevaluate the situation at next month's meeting.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 11:00 p.m.

Respectfully submitted,


Michael W. Horton, General Counsel

APPROVED: _____