

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

October 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 October 22, 2013, at 7:34 p.m. Frank Ausman, Chairman, presiding.

The following members of the Joint Committee were present:

Frank Ausman	Jerry Nagaki
Eric White	Rick Smith (who joined the meeting at 7:39 p.m.)
Dan Tschida	Chris Landa (who joined the meeting at 7:39 p.m.)

Also present were: Jay Chamberlin, Manager of the Hydro Projects; Harvey Manser, OID Assistant Manager; Michael W. Horton, Attorney; Tom Zittercob, Hydro Operator; Ron Keester, South Board Manager (who joined the meeting at 7:39 p.m.); Quinten Shenk, Mark Eggebeen, and Matt Sitz, OID Employees (who joined the meeting at 7:50 p.m.); Pat Sullivan, Dam Maintenance Company (who joined the meeting at 7:55 p.m.); and Bruce Corn, OID Alternate (who joined the meeting at 7:55 p.m.).

MEETING NOTICE. The meeting agenda showed that the meeting notice was sent out on October 17, 2013, to the media as to the time, date, and place of the meeting.

MINUTES. The minutes of the meeting of the Joint Committee held on September 17, 2013, were mailed to the Committee members prior to the meeting. Mr. Chamberlin said that the Owyhee Irrigation District administrative charge which was asked about at last month's meeting was for Tom Zittercob's wages. A motion was made by Mr. White, seconded by Mr. Nagaki, and unanimously carried approving the minutes as mailed.

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the month of September for the Tunnel #1 Power Project which was prepared by Nichols Accounting Group. The report was reviewed and discussed by the Committee Members.

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

AT&T	\$123.20
Nichols Accounting Group	<u>325.00</u>
Total	\$448.20

OWYHEE DAM POWER PROJECT.

Financial Report. Mr. Chamberlin handed out a financial report for the month of September for the Owyhee Dam Power Project which was prepared by Nichols Accounting Group. The report was reviewed and discussed by the Committee Members.

OWYHEE DAM ACCOUNTS PAYABLE. The Committee members reviewed the accounts payable for the Owyhee Dam Power Project. At 7:39 p.m., Committee members, Chris Landa and Rick Smith, along with Ron Keester, joined the meeting. A motion was made by Mr. Nagaki, seconded by Mr. Tschida, and unanimously carried approving payment of the following accounts payable:

AT&T	\$198.53
Stunz, Fonda, Kiyuna	1,200.00
Century Link	98.22
Nichols Accounting Group	<u>325.00</u>
Total	\$1,821.75

WATER FORECAST REPORT. Mr. Chamberlin reported on a recent drought meeting he and Mr. Manser attended in Boise, Idaho. Mr. Chamberlin read from a report that was given out at that meeting. The drought area in the Western United States is continuing to expand. Mr. Manser said that at the meeting they were told that there is a 75% chance that the upper Snake River will fill. They were also told that the Owyhee River would need to receive 135% of normal runoff in order to fill the reservoir and there is a 30% chance that will happen. He said that in order to just get by the project would need 75% of normal runoff and there is a 65% chance that will happen. Mr. Chamberlin said that the area is in a D-3 to D-4 drought which is classified as an extreme drought condition.

Mr. Chamberlin said there is currently 24,000 acre feet of water in storage. Mr. Keester said that according to USBR the project was about three to four days before running out of wholesale power. He said that the 2015 power rates may be really high.

At 7:50 p.m., OID Employees, Quinten Shenk, Mark Eggebeen, and Matt Sitz joined the meeting.

DAM INSPECTION TEAM REPORT. Mr. Chamberlin said that the Dam Inspection Team conducted their fall inspections. He said that the inspections went well.

He said that some of the coatings on the ring gate are coming off on the inside of the steel tank. He said that there were three to four coats put on before the outside coat went on. He said the outside coat is what is coming off. He said that workers from Dam Maintenance Company will be touching up the coatings.

Mr. Chamberlin said that there is some leaking from the guard gates going into Tunnel #1. He said that it appears that the seals are leaking. He said that elevator switches at the dam need work and the penstocks at the Dam Plant need coatings inside. Mr. Zittercob reported that the draft tube down in Tunnel #1 needs coatings eventually but that there are other things that need done before that. He said that the draft tube was coated five to seven years ago.

At 7:55 p.m., Pat Sullivan and Bruce Corn joined the meeting.

Mr. Chamberlin said that the inspection on Tunnel #1 has not been done yet. He completed his report on the inspection of the Owyhee Dam. He said that there are big rocks on the intake of Tunnel #1 which will need to be removed.

DAM MAINTENANCE COMPANY. Pat Sullivan from Dam Maintenance Company explained about the coating coming off on the ring gate. He said his company will do warranty work on the outside coat. He then reported on potentially doing work for the Joint Committee on the penstock coatings. He gave a detailed explanation on the difference between a maintenance contract and a fixed project contract. He said he believes the guard gates will need to be repaired at some point in time. He said that the spray from the guard gates would have to be stopped in order to do the coatings on the penstock. He said that a stop log would most likely be needed. Inspection of the guard gates was discussed.

At 8:41 p.m., Pat Sullivan left the meeting.

TUNNEL #1 GENERAL MAINTENANCE. Mr. Zittercob explained the work that needs to be done on the Tunnel #1 Power Plant this off season. He said that the smoke alarm beam sensors need repaired at a cost of \$7,000 to \$10,000 but that priority for those are not that high since there are other alarms which will go off before those alarms would. Mr. Zittercob was instructed to check into the insurance requirements on the smoke alarm beam sensors. Mr. Zittercob said the turbine HPU needs repaired.

DAM PLANT MAINTENANCE. Mr. Zittercob reported on the work that needs to be done at the Dam Plant this off season. He said that there are three spots in the penstock that need to be addressed. He said that he wants to thoroughly clean and paint the power unit at the Dam Plant. He said that the machine ran well this year.

At 8:52 p.m., Mr. Zittercob left the meeting.

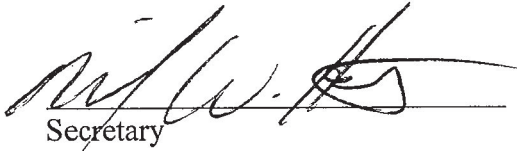
WINTER WORK AT DAM. Mr. Chamberlin said that last year part of the stairway at the dam got painted when the crew got wintered out. He said that there is still painting to be done on the east staircase and that the staircase work might be done this winter depending upon the work crew's load.

OWYHEE PROJECT CONTRACT UPDATE. Mr. Horton said that he needs to see the USBR power bills from South Board. He said that power costs and how to measure inflow are the issues that need to be addressed in putting together an agreement with Owyhee Ditch Company. Mr. Corn said that inflows really need to be looked at. The matter was discussed. Mr. Chamberlin said that water measurement also needs to be worked out.

FOOD SAFETY MODERNIZATION ACT. Mr. Chamberlin reported that Oregon Water Resource Congress is submitting comments to the FDA on the Food Safety Modernization Act and its impact on onion production. He recommended to the Joint Committee that individual districts and land owners should also be submitting comments.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 9:10 p.m.

Respectfully submitted,


Secretary

APPROVED: _____

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

October 22, 2013

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on October 22, 2013, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 9:12 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; Mark Eggebeen, Quentin Shenk, and Matt Sitz, Employee Group.

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 October 17, 2013.

MINUTES. The minutes of the September 17, 2013, meeting of the Board of Directors was mailed to the Directors prior to the meeting. A motion was made by Director Tschida, seconded by Director Corn, and unanimously carried approving the minutes as mailed.

OWYHEE IRRIGATION DISTRICT FINANCIAL REPORT. Mr. Chamberlin handed out a financial report for the District prepared by Nichols Accounting Group for the month of September. The report was reviewed. Mr. Chamberlin said that he is working with the District's auditor on changing from cash basis to accrual basis accounting. He noted that money could be pulled from the Mitchell Butte account. He said that there was about \$8,000 of excess water sold on the Dead Ox and Shoestring systems.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. Two lists of the District's accounts payable for the month were included in the Directors' packets. A motion was made by Director White, seconded by Director Tschida, 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. Director Corn said that he does not think the District should pull money out of the Mitchell Butte account at this time.

Accounts Payable. The agenda for the meeting listed accounts payable for the Mitchell Butte Power Project. The Riverside billing was reviewed and questioned. A motion was made by Director Corn, seconded by Director Ausman, and unanimously carried that the following accounts payable for the Mitchell Butte Power Project be paid with the Riverside billing being checked into:

Verizon	\$50.08
Riverside	875.50
Century Link	392.66
AT&T	38.59
Nichols Accounting Group	<u>110.00</u>
Total	\$1,466.83

EMPLOYEE PROPOSAL. Quentin Sherk spoke on behalf of the Employee Group. He said that the employees are seeking a 3% per year wage increase. Of these percentages, 1% would be automatic and 2% would be incentive. He said that they would also like to raise the HRA to match the deductible. He said that this proposal would be for three years. Director Corn noted that the health insurance will have to be looked at each year given the uncertainty under the federal health care laws. Ditchrider and maintenance wages were discussed.

At 9:55 p.m., the Employee Group left the meeting.

The Directors discussed the employee proposal. After discussion, a motion was made by Director Ausman, seconded by Director White, and unanimously carried authorizing a two-year wage package with a 2% per year wage increase with 1% of the wage increase being automatic each year and 1% being based upon employee performance each year for two years and the District shall maintain the HRA at the current levels with the HRA amount being renegotiated at the time of the insurance renewal each year.

OWRC WATER LAW SEMINAR. Mr. Chamberlin said that he, Mr. Manser, and Mr. Horton will be attending a water law seminar.

OREGON WATER RESOURCE COMMISSION. Director Corn said that he has been appointed to the Oregon Water Resource Commission. He then updated the Board on his recent trip to Salem.

NEWELL PIPELINE PROJECT. Mr. Chamberlin said that pipe will start to be laid on Monday. He then gave a report on the work being done on the pipeline project.

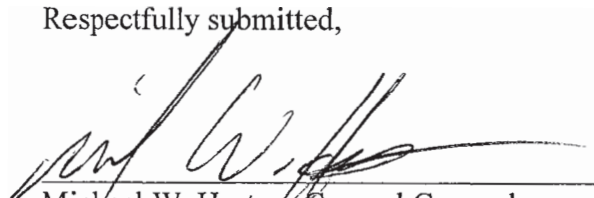
FALL WORKLOAD. Mr. Chamberlin gave a report on the work which is going to be done this fall.

NEW ACRE WATER RIGHT EXTENSION. Mr. Chamberlin said that the Bureau of Reclamation is on board with the extension for the new acre water rights. He said that the new acres are going to be reassessed this winter.

DIRECTOR POSITION. Mr. Horton stated that the deadline for filing nomination petitions for the director position for Division #5 has passed. He said that only one petition was received and that the petition nominated Jerry Nagaki. Mr. Horton said that Oregon statutes provide that if only one nominating petition is submitted for a division, the Board is to name the person nominated in the petition as the duly elected Director without an election. A motion was made by Director Tschida, seconded by Director Corn, and unanimously carried that Jerry Nagaki be named as a duly elected Director for Division #5, to serve for a three-year term commencing on the third Tuesday of January, 2014. A vote was had on the motion with Director Nagaki abstaining. The motion passed unanimously.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 10:40 p.m.

Respectfully submitted,



Michael W. Horton, General Counsel

APPROVED: _____