

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

March 20, 2012

The regular monthly meeting of the Board of Directors of the Owyhee Irrigation District was held on March 20, 2012, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 10:00 a.m. Bruce Corn, President of the District, presiding.

The following Directors were present:

Bruce Corn	Dan Tschida
Frank Ausman	Jerry Nagaki
Eric White	

Also present were: Jay Chamberlin, District Manager; Michael W. Horton, Attorney; Harvey Manser, Assistant District Manger; Adena Green and Carl Lee Hill, Owyhee Watershed Council; and Mark Carpenter, District Engineer.

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 March 16, 2012.

MINUTES. The minutes of the February 28, 2012, meeting of the Board of Directors were mailed to the Directors prior to the meeting. The minutes were discussed. After discussion, a motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried approving the minutes as mailed.

LOWER OWYHEE RIVER REHABILITATION PROJECT (NEWELL). Mr. Chamberlin said that the estimates for the pipe for the next portion of the Newell Project have come in. He said that the estimates have come in much higher than the amounts figured in when the grant was written a year ago. He said that \$692,000 from OWEB is available, but the dilemma is that with the estimates on the pipe, the funds will come up 50% to 75% short. He said that pipe prices continue to go up. He said that one option would be to only complete a portion of the first part of this project going as far as approximately 500 feet North on Overstreet Road. He said that if this is done, there would have to be a diverting structure built and he feels that it is quite an expense to do with the possibility of not being able to move forward if future OWEB grants are not available. Adena Green said that OWEB staff have told her that they would certainly continue to look at this project, but that there is no way that OWEB will give another \$500,000 for materials for this part of the project during the current grant cycle. She said that the District needs to put in for another grant application for the next funding cycle in order to get funding before moving forward with the next stage of this project. Mr. Carpenter said that a box and valve will be needed and the costs were discussed.

Adena Green said that there will be a cooperative agreement which will need to be signed before the money from OWEB can be turned over to the District. The entire project was

discussed and the fact that the Owyhee River is a 303d listed stream was noted. The Board reached consensus to continue moving forward with the project. Adena Green said that the next grant application needs to begin right away. She said that she would know if the grant is funded by June. She said that if the grant is funded, the money would not be available until fall. The need for an additional valve and the sizing of the valve was discussed.

A motion was made by Director White, seconded by Director Ausman, and unanimously carried authorizing bids to go out for 30-inch pipe to run the project approximately 500 feet North on Overstreet Road.

A motion was made by Director Ausman, seconded by Director White, and unanimously carried authorizing Owyhee Watershed Council on behalf of Owyhee Irrigation District to apply for a grant for more of the pipeline during the next grant cycle.

A motion was made by Director White, seconded by Director Nagaki, and unanimously carried authorizing President Corn to sign a cooperative agreement with Owyhee Watershed Council in handling the OWEB grant money which has been awarded.

Adena Green said that out of approximately 900 acres on the project, approximately 600 acres have been committed to switch to sprinkler and drip. She said that the others have committed to planting wheat. Mr. Chamberlin said that a right of way will be needed from landowners where the new pipeline will run since the old lateral is not going to be abandoned. The matter was discussed as was the need for a meeting with landowners. Mr. Chamberlin and Adena Green will coordinate a landowner meeting.

At 11:08 a.m., Adena Green, Carl Lee Hill, and Harvey Manser left the meeting.

Director Tschida said that he would like to see something written up at the front end of these projects for the landowners to sign, so that everyone is aware of what will be needed to be done for the project to be completed. Mr. Chamberlin said that he would like to have a writing up front and Director Ausman agreed that is important because the lines will not always be where the existing canals are. Mr. Chamberlin said that often these matters do not present themselves until further into the projects.

OWYHEE IRRIGATION DISTRICT ACCOUNTS PAYABLE. A list of District accounts payable was included in the Directors' packets. The Directors reviewed and discussed the list. Director Tschida asked if the District will get reimbursed for the pipeline material bill. Mr. Chamberlin said that it will. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried authorizing payment of the accounts payable.

MITCHELL BUTTE POWER PROJECT.

Financial Report. The financial report for Mitchell Butte Power Project was included in the Director's packets.

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

AT&T	\$140.63
Owyhee Irrigation Dist.	67,161.00
California Electric	548.00
Frank's Extinguisher	86.87
Nichols Accounting Group	<u>110.00</u>
Total	\$68,046.60

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

TUNNEL #1 POWER PROJECT.

Financial Report. Mr. Chamberlin said that Mr. Manser went to pick up the financial report for the project from Nichols Accounting. He said that the report will be available for Director review near the end of the meeting.

Accounts Payable. The agenda showed the following schedule of accounts payable for the Tunnel #1 Power Project:

Oregon-Idaho Utilities	\$217.60
California Electric	3,613.00
Frank's Fire Extinguisher	198.82
Kinney & Keele	465.68
Nichols Accounting Group	<u>325.00</u>
Total	\$4,820.10

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.

OWYHEE DAM POWER PROJECT.

Financial Report. The financial report for Owyhee Dam Power Project will be delivered by Harvey Manser later in the meeting.

Owyhee Dam Power Project Accounts Payable. The Owyhee Dam Power Project accounts payable were listed on the agenda as follows:

Frank's Extinguishers	\$11.98
Nichols Accounting	325.00
Oregon-Idaho Utilities	326.40

California Electric	8,548.27
Century Link	45.00
FERC	<u>25.00</u>

Total \$9,281.65

Director Tschida said that it would be nice to keep the electrical work local. A motion was made by Director Nagaki, seconded by Director Tschida, and unanimously carried that the accounts payable for the Owyhee Dam Power Project, be paid.

OREGON DEPARTMENT OF ENERGY PAYMENTS. Mr. Chamberlin said that staff from the Oregon Department of Energy contacted him about loan payments being paid late. Mr. Chamberlin said that back in 2009, the accounts got off track and the payment schedule changed. He said that Oregon Department of Energy has sent an updated payment schedule and he has authorized District staff to get the payments made in accordance with the schedule.

OTHER DISTRICT REIMBURSEMENTS. Director Ausman asked if the reimbursements from the other districts have been paid. Mr. Chamberlin said that amounts accruing from June to the end of the year are still owed to the District. He said that the next quarterly bills are scheduled to go out in May.

LOWER OWYHEE REHABILITATION PROJECT (FLETCHER GULCH). Mr. Carpenter updated the Board on the Fletcher Gulch pipeline installation progress. He said that the screen is here and 75% of the turnout areas have been backfilled. He said that besides completing the backfill, all that is left to do is bolting on the ends and some cleanup work. He said that barring severe weather, the new pipeline should be buttoned up by the end of next week. Mr. Chamberlin said that he has yet to receive an answer on the Barlow pipe issue. Mr. Carpenter explained how the installation process went. He said that an outside crew could have done the work faster, but it would have been at much more cost to the District.

USBR DAM INSPECTION. Mr. Chamberlin said that USBR did a dam inspection recently and that it went well. He said that they like the improvements that have been done at the dam. He said that an issue was raised with regard to coatings, but that representatives from the Dam Maintenance Company said that they will take care of repairing the coatings under their warranty. Mr. Chamberlin said that there is one guard gate on the jet flow valves that is acting up. He said that staff is investigating issues with that gate further. Mr. Chamberlin said that in the next few years, there needs to be some more coatings done, but that all in all, the districts received a very good report on the dam.

MANAGER'S REPORT. Mr. Chamberlin said that some more cameras for security at the dam have been purchased. He said that overall things have been going well with all of the projects which have been going on. He said that this has been the busiest off-season work schedule since he has been here. He said that the purchase of the cement truck has been great. He said that the District now has a drum and hydraulics to make its own portable cement batch plant.

WATER TURN-ON DATE. Mr. Chamberlin said that he is looking at moving the water turn-on date back to April 9 depending upon the weather. The matter was discussed. Mr. Chamberlin said that changes in the crew will be worked through. He said that there are a couple of expansion joints which need packed. Mr. Carpenter said that the sediment pond needs to be cleaned out. Mr. Chamberlin clarified that the water turn-on date has not been changed, but it is still subject to being moved to April 9 in management's discretion depending upon weather and demand.

NPDES PERMIT. Mr. Chamberlin said that there is a meeting coming up on the NPDES permit with Oregon DEQ. He said that DEQ is still having issues to work out before issuing the permit.

DITCHING. Mr. Chamberlin said that the ditcher is in the Ontario area. He said that it can be ready by April 2nd if water turnon happens on that date.

SOUTH ADVANCEMENT. Mr. Chamberlin said that the South pump is done except for the motor.

USBR SUGGESTED RESERVES. Mr. Chamberlin said that he put a document in the Directors' packets which came from USBR which has suggested reserves for irrigation districts. A discussion was had on operating reserves.

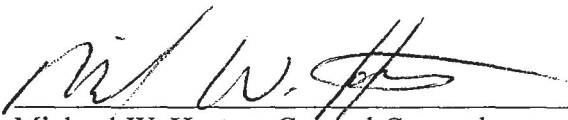
SNOW AND WATER REPORT. Mr. Chamberlin said that there is potential for filling and spilling this spring, but in all likelihood that possibility is pretty remote. Mr. Chamberlin handed out the water forecasts which were reviewed and discussed. The forecasts show that for forecasted stream flows, they are to be 25% of average.

At 12:10 p.m., Mr. Manser returned to the meeting with the financial reports on the hydro plants which Mr. Chamberlin handed out. Mr. Chamberlin explained planned work on a siphon leg.

NEXT MEETING. Mr. Chamberlin said that the next Board meeting will be an evening meeting and will start at 7:30 p.m.

ADJOURNMENT. There being no further business to come before the Board, the meeting was adjourned at 12:20 p.m.

Respectfully submitted,


Michael W. Horton, General Counsel

APPROVED: _____