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The regular meeting of the Board of Directors and Board of Equalization of the Central Oregon Irrigation District (COID) was called to order by Craig Horrell, Secretary-Manager, at 9:00 AM on January 9, 2018 in the District office.

Directors present were Carroll Penhollow, Tom Burke, Terry Blackwell, Paul Kasberger, and Robert Borlen. Also attending were Craig Horrell, Managing Director; Danee Phillips, Director of Finance; Shon Rae, Deputy Managing Director; Joshua Peed, Director of Hydro; Cary Penhollow, Water Master; Kelley Hamby, Assistant Water Master; Leslie Clark, Director of Water Rights; Jenny Hartzell-Hill, Executive Assistant; Matt Singer, Legal Counsel. Visitors present see Exhibit "A".

**1. COID BOARD ORGANIZATION**

- **Division 1 Oath of Office Paul Kasberger -**  
Oath of office was read by Paul Kasberger and signed, Exhibit "A".
- **Division 5 Oath of Office Thom Burke –**  
Oath of office was read by Tom Burke and signed, Exhibit "B".
- **2018 Officers –**  
A motion was made by Robert Borlen to keep the officers as slated in 2017 for 2018. Following a second by Terry Blackwell the motion passed unanimously, Exhibit "C".
- **2017 Committees**  
Robert Borlen made a motion to keep the committee assignments as assigned in 2017 for 2018 except for the Equipment Committee which will be Paul Kasberger and Tom Burke. Following a second by Terry Blackwell the motion passed unanimously, Exhibit "D". Carroll Penhollow continued with the meeting as Chairman.
- **Resolution 2017-1 – Resolution Adopting the COID Financial and Investment Transactions During 2018** was read and reviewed. A motion was made by Carroll Penhollow to accept the resolution as presented. Following a second by Terry Blackwell the motion passed unanimously, Exhibit "E".
- **Resolution 2017-2 – Resolution adopting COID's Public Meetings to be Held During 2018** was read and reviewed. Terry Blackwell made a motion to accept the resolution as presented. Following a second by Tom Burke, the motion passed unanimously, Exhibit "F".
- **Resolution 2017-3 – Resolution Adopting COID's General Administration During 2018** was read and reviewed. Tom Burke made a motion to accept the resolution as presented. Following a second by Robert Borlen, the motion passed unanimously, Exhibit "G".

Carroll Penhollow declared the Board of Equalization was open at 9:11 a.m.

**2. OPEN FORUM:**

Bill Tye came before the Board, he is a patron of the district and a retired engineer and surveyor. He explained that he has an issue on a piece of property in Powell Butte and he will meet staff to discuss that matter. He also brought to the Board marijuana grow operation issues in Alfalfa. The residents of Alfalfa are very concerned about the grow operations and how this is affecting the wells in the area. Domestic wells are going dry and they are needing to dig them deeper. The concern of the residents is how the growers are using water rights and irrigation use for these crops. The other concern is the odor that is produced from these operations. Craig Horrell, provided some background regarding how the transfers work and clarified that COID has not signed off any mitigation of irrigation water rights to ground water. COID is involved in the discussions with Deschutes County and the State of Oregon on this matter and are taking an active role to come up with solutions.

Natasha Bellis, with the DRC came to the Board meeting to introduce herself to the Board and staff. She explained that she will be involved with COID with the WaterSmart Marketing Grant to develop mechanisms for water marketing in the future. Craig will be the Project Manager for this process as we move forward with the development of this program.

Parker Vernon, came before the board to request a vacation of H-1 lateral. Staff has reviewed the request and the request will add it to New Business at the February Board meeting.

**3. MINUTES:**

A request for a correction to the December 12, 2017 Board Minutes was made to change Bob Cain as a patron from "Powell Butte" and not Alfalfa. A motion to approve the minutes as corrected was made for the December 12, 2017 Regular Session Board Meeting by Robert Borlen. Following a second by Tom Burke the motion passed unanimously. A motion to approve the minutes for the Special Session meeting for the December 20, 2017 meeting was made by Robert Borlen. Following a second by Tom Burke the motion passed unanimously.

**4. TRANSFERS / INCLUSIONS:**

A water management report was provided to the Board prior to the meeting, Exhibit "H". Carroll Penhollow read the transfers report. Carroll Penhollow made a motion to approve transfers as read. Following a second by Robert Borlen the motion was approved unanimously.

**5. REPORTS:**

- A. Watermaster Report –  
A written report (Exhibit "I") was mailed to the Board prior to the meeting. Cary Penhollow provided a verbal update to his report.
- B. Capital Projects –  
Craig Horrell updated the Board on the SPP Property Canal Piping Project. All funding is in line and clearing has begun for staging for the pipe deliveries.
- B. Operations and Maintenance Report –  
A written report (Exhibit "J") was mailed to the Board prior to the meeting.
- C. Hydro Report -

A written report (Exhibit “K”) was mailed to the Board prior to the meeting. Joshua Peed updated the Board and reviewed the production for 2017.

D. Public Relations/Communications-

A written report (Exhibit “L”) was mailed to the Board prior to the meeting.

E. Finance Report-

A written report (Exhibit “M”) was mailed to the Board prior to the meeting.

Danee Phillips updated the Board with additional items. Lynn Shores did provide his notice to retire. His last day will be January 31, 2018. Notice has been provided to the Union to negotiate their contract.

F. Manager Report-

Craig Horrell had no new updates for the Board.

6. **BILLINGS & PAYROLL:**

Terry Blackwell made a motion to accept the payroll registers and billings as presented. The motion was seconded by Tom Burke and passed unanimously.

7. **OLD BUSINESS:**

• **Merkley PL 566**

Craig Horrell updated the Board and provided a status of the process. The sustainable solution starts with the backbone, piping the main canal and then moving to the Districts laterals. Piping the private laterals will not be covered under PL566, requiring participation and financial commitment from the property owners on the lateral. This may be a very time-consuming process and is out of the Districts control, with no assurance of successful completion.

We are currently working through the Watershed plan for the proposed project.

• **Cougar Trail Road Maintenance Request**

The Board was provided a copy of their email response to our denial of their request. Exhibit “N”.

• **Siphon Power Property Piping Project Update**

Updated provided under Capital Projects report.

• **Board Technology Update**

The Board tablets will be provided at the February Board Meeting.

• **2018 Budget Approval**

Craig Horrell provided an update to the Board and details were reviewed, Exhibit “O”. Board Discussion followed. A motion was made by Robert Borlen to approve the budget as presented. Following a second by Tom Burke the motion passed unanimously.

Board of Equalization was closed at 10:07 a.m.

**8. NEW BUSINESS:**

- **Linda Zivney with Raymond James to Report on Investments/Funds**  
Linda Zivney provided to the Board a portfolio packet, see Exhibit “P”. She then provided an overview of the COID funds and gave options for moving forward. Board discussion followed.
- **Bureau of Reclamation Approval of Storage Allocation Agreement for 2018-19**  
A letter from the Bureau of Reclamation and a draft application for Limited Water Use License was provided to the Board, Exhibit “Q”.
- **Annual Assessment Consideration for 2018**  
Discussion of the Board followed. Robert Borlen made a motion to keep the 2018 assessments at the present rates. Following a second by Tom Burke the motion passed unanimously.

**9. BOARD COMMENTS:**

Tom Burke asked for clarification on no stock run on the Central Oregon Canal. Tom asked that staff contact Mr. Caine and notify him that there will not be any additional stock water runs this maintenance season.

At 11:05 AM the Board recessed the General Session and asked the Board to convene into Executive Session per:

- ORS 192.660(2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.
- ORS 192.660(2)(h) to consult with counsel concerning the legal rights and duties of a public body with regards to current litigation or litigation likely to be filed.

Following the Executive Session, the Regular Session of the COID Board was reconvened at 12:30 P.M.

Consideration of request from Tumalo Irrigation District to contribute financially to support legislative work for a presentation during the 2018 session. Robert Borlen made a motion to match the funding amount that North Unit Irrigation commits to the request, not to exceed \$1,500. Following a second by Terry Blackwell, the motion passed unanimously.

Management requested amending the contract for Angie Sanchez Virnoche from FCS Group for an additional \$3,100 for her to attend the P3 conference with management to assist in exploring funding options. Robert Borlen made a motion to amend the FCS contract for an additional \$3,100 for Angie Sanchez Virnoche to attend the P3 Conference. Following a second by Tom Burke the motion passed unanimously.

The Board was asked to consider retaining JRP Historical Consulting, Inc. to provide consultation and services pertaining to historical and archaeological matters of the District. This is a capital request for a \$20,000 retainer for 2018. Robert Borlen made a motion to retain JRP Historical Consulting, Inc. to provide consultation and services pertaining to historical and

archaeological matters of the District. Following a second by Tom Burke the motion passed unanimously.

The meeting was adjourned at 12:36 P.M. following a motion by Robert Borlen that was seconded by Tom Burke.

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Carroll Penhollow, President

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Paul Kasberger, Vice-President

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Terry Blackwell, Treasurer

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Robert Borlen

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Thomas Burke

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Craig Horrell, Secretary-Manager

APPROVED