

MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE OWYHEE IRRIGATION DISTRICT

November 23, 2010

A special meeting of the Board of Directors of the Owyhee Irrigation District was held on November 23, 2010, at the offices of Stunz, Fonda, Kiyuna & Horton, LLP, 106 Main Street, Nyssa, Oregon, at 1:14 p.m., Bruce Corn, President of the District, presiding.

The following Directors were present:

Jerry Nagaki
Bruce Corn

Frank Ausman

Also present were: Jay Chamberlin, District Manager; Harvey Manser, District Assistant Manager; Tom Zittercob, Hydro Operator; Michael W. Horton, Secretary and General Counsel; Dr. Joe Zhao, Steve Godard, Derek Anderson, and Charles Rehn, from Sunrise Engineering.

MEETING NOTICE. Jay Chamberlin reported that he gave notice to the news media as to the time, date, and place of the meeting in accordance with Oregon law.

MITCHELL BUTTE REHAB. Stephen Godard passed around a draft of the 30% Engineering Report for the rehabilitation of the Mitchell Butte Power Plant. The gentlemen from Sunrise Engineering went through the report as the Directors reviewed it. It was noted that the annual operation expense for the Mitchell Butte Power Plant used in the draft report failed to include a number of items, including FERC fees, line loss, Oregon Water Resource Department permit fees, and insurance premiums. A lengthy discussion on how much to include for these items and potential future increases in these items was had.

The assumed PERPA rate and the annual increases in the rate were discussed.

Mr. Godard said that the current penstock size is okay. Mr. Anderson said that they have determined that one unit is better than two units for the facility. Mr. Godard then went through the next steps and time lines for the construction process. The building type was discussed. Mr. Godard said that a trash rack was not included in the cost projections. Mr. Zittercob said that he believes that the District should look into a new trash rack as the current one is on its last legs.

Dr. Zhao explained the use of a butterfly valve to shut water off to the facility. The shut off features were discussed.

Some of the costs in the engineering study were discussed. The ability of the District to do some of the demolition work, along with some of the excavation, was discussed. The salvage costs were discussed, along with up-front costs on a turbine. The need for an electrical engineer to look at what can and cannot be reused was discussed. It was determined that Sunrise Engineering's electrical engineer and Mr. Zittercob will discuss these matters on the phone and the figures in the study will be revised accordingly.

FERC licensing and renewable energy credits were discussed. The timing and process of ordering a turbine was discussed. Mr. Godard said that he will find out what the turbine manufacturer will require up front and get back to the District. Mr. Anderson said that he will double check on Davis-Bacon wages requirements. Mr. Godard said that the completion of this 30% engineering will complete the current contract with Sunrise Engineering.

Demolition work and work for the District next fall was discussed.

At 3:53 p.m., Jay Chamberlin and the Sunrise Engineering gentlemen left the meeting.

Mr. Manser asked if going through this process would help in potential future conflicts on the Power Sales Agreement with Idaho Power. Mr. Horton said that it would.

There was a discussion on trying to keep the current units at Mitchell Butte going.

SELP BORROWING APPLICATION. Mr. Horton said that an application to SELP for a loan needs to be sent in, along with the application and underwriting fees right away. A motion was made by Director Ausman, seconded by Director Nagaki, and unanimously carried authorizing Mr. Chamberlin to submit an application to SELP for borrowing money to finance the Mitchell Butte rehabilitation and to pay required application fees.

The need to have a meeting on Monday, December 6th was had. It was determined that the meeting would be held at 1:00 p.m., in Mr. Horton's office if necessary. President Corn said that District staff need to make sure that notice of that meeting gets out to all Board members.

A discussion was had on using the existing PLC at Mitchell Butte was had.

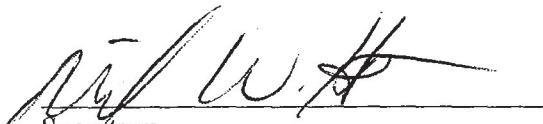
At 4:15 p.m., Jay Chamberlin rejoined the meeting.

The Mitchell Butte Rehabilitation Project was further discussed.

Mr. Chamberlin said that the District employees were appreciative of the turkey money.

ADJOURNMENT. There being no further business to come before the meeting, the same was adjourned at 4:20 p.m.

Respectfully submitted,


Secretary
General Counsel

APPROVED: _____