



IDAHO ENERGY RESOURCE AUTHORITY

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MINUTES OF THE IDAHO ENERGY RESOURCES AUTHORITY DIRECTORS' MEETING – BOISE, ID OCTOBER 26, 2005

The organizational meeting of the Idaho Energy Resources Authority (“IERA” or “Authority”) was called to order by President *Pro Tem* Robert Mooney at 10:05 a.m. October 26, 2005.

Directors in attendance were as follows: Robert Mooney, Ralph Williams, Gov. John Evans, Charles Hedemark, Randy Hill, Larry Crowley and Mayor Darrell Kerby. Also joining the meeting were Jim Burr of Chapman and Cutler, Salt Lake City, Utah and Ron Williams of Williams Bradbury, Boise, Idaho.

The chairman first asked all board members to introduce themselves and to offer a brief description of their background as it relates to their appointment to the board of directors of the Authority. Following these introductions, the chairman asked Ron Williams and Jim Burr to explain the history behind the legislation creating the Authority.

Mr. Ron Williams explained the multi-year effort by the Idaho Consumer-Owned Utilities Association (“ICUA”) to pass the Idaho Energy Resources Authority Act (the “Act”). Mr. Burr explained that the Act is ecumenical with respect to its ability to facilitate capital market access to any Idaho operating utility or wholesale supplier to such utility. Mr. Burr expressed Chapman and Cutler’s appreciation for being allowed to participate in the drafting of the Act and the formation of the Authority.

Mayor Kerby questioned whether a court case should be brought testing the ability of municipalities to participate in financing through the Authority. The board discussed with counsel the constitutional restrictions for municipalities both with respect to lending of credit, as well as the Washington Public Supply System (WPPS) decision addressing voter approval of municipal financing.

The board then turned to the initial organizational matters at hand. The board first discussed the need to elect a chairman and vice chairman. Charles Hedemark nominated Robert Mooney to serve as Chairman of the Authority and Ralph Williams to serve as Vice Chairman of the Authority. After discussion the following resolution was unanimously adopted:

RESOLVED, that Robert Mooney is elected Chairman and Ralph Williams is elected Vice Chairman of the Authority for the term ending June 30, 2006.

The Chairman then presented the directors with proposed bylaws for the Authority. After discussing the proposed bylaws, upon motion by Randy Hill, seconded by Ralph Williams, the following resolution was unanimously adopted:

RESOLVED, that the form of bylaws for the regulation of the affairs of the Authority attached hereto as Exhibit "A", are approved, adopted and shall be filed in the minute book of the Authority.

The Chairman then suggested the need for additional officers. After discussion, upon motion by Robert Mooney, seconded by Chuck Hedemark, the following resolution was unanimously adopted:

RESOLVED, that Randy Hill was appointed to serve as Secretary/Treasurer of the Authority for the term ending June 30, 2006.

The Board then discussed the need to establish bank accounts. Upon motion by Robert Mooney, seconded by Randy Hill, the following resolution was unanimously adopted:

RESOLVED, that D L Evans Bank, in Boise Idaho, is hereby designated as the principal bank in which funds of the Authority shall be deposited.

FURTHER RESOLVED, that the forms of resolution as required by said bank be and the same are hereby adopted as resolutions of the Authority and

FURTHER RESOLVED, that all checks drawn upon bank accounts of the Authority shall bear signature of the Chairman, the Treasurer or other Officers of the Authority as so designated by the Board.

Ron Williams reported that ICUA is prepared to lend up to \$50,000 to the Authority for start-up purposes, in two installments of \$25,000. Loan terms would be a demand note, non-interest bearing. Randy Hill agreed to prepare the note for signature by the Chairman and the board unanimously approved of the Chairman executing such note on behalf of the Authority.

The Board next discussed the need to meet the surety bond requirements of statute as well as secure directors and officers insurance for the Authority. Mayor Kerby suggested having a discussion with the Idaho County Risk Management Pool (ICRMP) and agreed to contact ICRMP on this issue.

Mr. Crowley asked whether the bylaws should have additional provisions providing for specific standing committees; such as strategic planning, legislative or regulatory affairs. The board consensus was that it may be better to empower such committees later by resolution, rather than as an amendment to the bylaws.

Governor Evans noted that as an instrumentality of the State the Authority and the board should be accessible to the public and board meetings open to the public. Governor

Evans questioned how best to achieve this result. The Board consensus was that a well functioning webpage would provide the best general notice to the public, with links to other websites such as ICUA. Should the Authority meet in other locations around the state, notices in local newspapers may be an appropriate step to take.

The Chairman then led a discussion on what potential financing projects the Authority should consider. He reviewed potential projects noted in the Vision Statement (earlier presented to the Governor) as ones that may be available for near term action by the Authority. Mayor Kerby also referenced possible refinancing opportunities. The Board discussed the need to work with existing utility financiers, such as the Cooperative Finance Corporation (“CFC”) that lend to participating utilities. The Authority’s goal is not to disrupt existing financial relationships between participating utilities and their various lenders or banks.

The Board also discussed the risk associated with financing various types of generation and transmission projects. The Act’s prohibition on financing PURPA projects and the impact such a restriction could have on the ability to finance renewable energy Independent Power Projects was noted. The board discussed the need to focus on high-quality low-risk financing projects in the near term. Mr. Crowley suggested that the Vision Statement could be revised to more clearly reflect this objective. This process would then lend itself to further development of a business plan. Mr. Crowley volunteered to lead the effort in revising the Vision Statement and working towards development of a business plan.

The Chairman then directed the Boards’ attention to several large transmission proposals throughout the Western United States and Canada and how such proposals could affect Idaho. Specifically, both the Frontier Line and the Northern Lights projects originating respectively in Wyoming and Montana could cross through and have terminal connections in southern Idaho. The Board discussed the opportunity for the Authority to assist both of these proposed projects.

Jim Burr recommended that the Board consider establishing a relationship with a well respected investment banker. Such a relationship could lend credibility for a start-up organization such as the Authority. Mr. Burr recommended interviewing a selected number of potential investment banking houses. This firm would in turn assist the Authority in developing project evaluation criteria and exploring potential projects for financing. The Wyoming Infrastructure Authority recently established such a relationship with their selected investment banking consultant actually bringing to the WIA their first financing opportunity. Mr. Burr offered the assistance of Chapman and Cutler in developing a request for proposals from investment banking houses. Randy Hill will work directly with Jim Burr in drafting this RFP for the Board to review at its next board meeting.

The Board also discussed the role that Idaho based financial institutions could play in assisting the Authority. Though an action plan was not developed concerning this topic, the Board will remain mindful of working in close cooperation with Idaho Banks, when appropriate.

A question was raised concerning Senate approval of board members. Governor Evans stated that in most instances it would not be necessary for the entire Board to attend a Senate Committee hearing, but that appearance by the Chairman and possibly one or two other board members residing in Boise should be sufficient. Governor Evans and Ron Williams will explore in greater detail the Senate's expectations for Board confirmation. It was also recommended that towards the end of the legislative session that the re-appointment of directors whose terms expire June 30, 2006 be re-submitted to the Governor so that the Senate could again confirm prior to final adjournment of the 2006 legislature.

The Board agreed to a telephonic board meeting as its next meeting on December 13, 2005 at 10:00 a.m. MST. The two major items for that agenda will be to review the RFP for investment banking assistance and revisions to the Vision Statement.

The Board also determined to meet live in Boise on January 9, 2006 at 1:30 p.m. MST. This date was selected as coinciding with the annual members meeting of the ICUA.

There being no further business to come before the Board, the meeting was declared adjourned.

Secretary