



MINUTES OF THE IDAHO ENERGY RESOURCES AUTHORITY
DIRECTORS' MEETING – December 11, 2007

The meeting of the Idaho Energy Resources Authority was called to order by Chairman Robert Mooney at 3:00 pm, MST.

1. Attendance: Directors in attendance were: Robert Mooney, Ralph Williams, Randy Hill, Larry Crowley and Mayor Darrell Kerby. Also attending were Ron Williams, local counsel to the Authority. Ryan Bjerke of Chapman & Cutler and Bob Campbell of Lehman Brothers joined by phone.

2. Potential Projects for IERA Funding:

Raft River Transmission Line to Duck Valley. Raft River Electric Co-Operative has requested that the IERA pursue a private placement of a bond for the benefit of Raft River, to finance Raft River's construction of a transmission line to the Duck Valley Indian Reservation. IERA representatives have met several times with State Treasurer Ron Crane and his staff, and have developed an attractive bond issuance and loan package for Raft River. Ron Crane is ready to consummate the transaction and is willing to purchase an IERA bond at a rate more favorable than Raft River's only other source of funds; CFC. Chapman & Cutler has reviewed Raft River's RUS first mortgage and concluded that RUS will need to accommodate the IERA financing. Heber Carpenter of Raft River is pursuing that loan accommodation with RUS. The IERA has proposed a fee structure that would collect \$150,000 as part of the transaction to be used to pay legal and bond counsel fees, investment banking fees, trustee fees and repayment of the ICUA loan, with the residual to be retained by the IERA to help fund ongoing operations.

Following further discussion, upon motion by Randy Hill, seconded by Larry Crowley, the Board voted unanimously to instruct counsel to the IERA and Lehman Brothers to prepare the necessary documents to finalize the Raft River transaction.

BPA Third Party Financing. BPA continues to be interested in using the IERA as a conduit third-party financier of transmission facility construction. Legal issues under discussion include: (i) bankruptcy remoteness of the IERA, (ii) legality of the IERA owning facilities located outside Idaho, and (iii) property tax applied to IERA owned facilities. Ron Williams also raised an additional question relating to legal and matters of potential litigation. Pursuant to Idaho Code § 67-2345, upon motion by Mayor Darrell Kerby seconded by Ralph Williams, the Board unanimously approved entering into executive session to discuss such matters.

Following Executive Session, the Chairman reported that representatives of the IERA will continue to negotiate with BPA and to resolve the outstanding legal issues.

3. Insurance: Mayor Kerby reported he had discussed the insurance needs of the IERA with ICRMP (Idaho Counties Risk Management Program), the insurer of local units of government in Idaho. Through Ken Koep of the Harris – Dean Insurance Agency, ICRMP has offered the IERA a Public Entity Multi-Lines Insurance Policy providing coverage in conformance with statutory guidelines. Following further discussion, upon motion by Mayor Kerby, seconded by Ralph Williams, the Board unanimously approved the policy offered by ICRMP and Ron was instructed to pay the premium and place the policy in effect.

4. Old and New Business: There is no old or new business to come before the Board.

5. Adjourn: The meeting was adjourned at 4:15 p.m. MST.

Secretary