

## MINUTES OF THE IDAHO ENERGY RESOURCES AUTHORITY

## DIRECTORS' MEETING – July 24, 2014

The meeting of the Idaho Energy Resources Authority (“IERA” or “Authority”) was called to order by Chairman Bob Mooney at 2:00 P.M., MDT.

1. Attendance: Directors in attendance were: Bob Mooney, Charles Hedemark, Randy Hill, Mark Lliteras, Dan Kunz and Eric Anderson. Director Jackie Flowers was absent. Also in attendance were IERA local counsel Ron Williams and bond counsel, Ryan Bjerke, of Chapman and Cutler.

2. Approval of Prior Minutes: Minutes from the Authority’s July 15, 2014 meeting were reviewed and unanimously approved by the Board.

3. BPA Lease Commitment: Ryan Bjerke reviewed the proposed lease financing transaction with the Bonneville Power Administration (“BPA”), with special focus on issues of indemnification of the IERA by BPA, and payment of IERA incurred costs to facilitate the transaction. The IERA proposed revisions to Section 5.1 of the Master Lease indemnification provisions which were acceptable to BPA. The Board asked questions concerning the pledge of IERA revenues to secure the Note. Counsel explained that the pledge was mitigated by revisions to Section 5.1 which provided that BPA will indemnify the IERA for all amounts owed to the IERA. The board discussed whether there needed to be additional language referencing compliance with the Davis-Bacon Act. Counsel referred the Board to Section 4 of the Construction Agreement wherein BPA has the obligation to comply with “all applicable laws” which would include Davis-Bacon.

Following further discussion, motion and second, the following resolutions were unanimously adopted:

RESOLVED, that the attached resolution is hereby authorized and approved, authorizing the *Idaho Energy Resources Authority Bonneville Cooperation Transmission Facilities Short-Term Borrowing No. 1*, including, among other things, the execution and delivery of (i) a *Credit Agreement* with Bank of America, N.A., and a *Promissory Note* in connection therewith, an *Account Control Agreement* and a *Custodial and Security Agreement*, in order to obtain financing for the acquisition of certain transmission facilities, (ii) a *Construction Agreement* to provide for the acquisition and construction of such facilities and (iii) a *Master Lease* to provide for the lease of such facilities to Bonneville (the “*Lease and Financing Documents*”); and

BE IT FURTHER RESOLVED, that a committee comprised of Chairman Mooney, Mr. Hill and Mr. Lliteras, in consultation with legal counsel, are further authorized to approve the final forms of the *Lease and Financing Documents* and the execute the same on behalf of the IERA.

4. Adjourn: There being no further business to come before the meeting, the meeting was declared adjourned at 2:45 P.M.

Mark Stetson

Secretary

Dated: Sept 29, 2014

A RESOLUTION OF THE IDAHO ENERGY RESOURCES AUTHORITY AUTHORIZING AND APPROVING ITS IDAHO ENERGY RESOURCES AUTHORITY BONNEVILLE COOPERATION TRANSMISSION FACILITIES SHORT-TERM BORROWING NO. 1, INCLUDING THE EXECUTION AND DELIVERY OF (I) A CREDIT AGREEMENT WITH BANK OF AMERICA, N.A., AND A PROMISSORY NOTE IN CONNECTION THEREWITH, AND A CUSTODIAL AND SECURITY AGREEMENT, IN ORDER TO OBTAIN FINANCING FOR THE ACQUISITION OF CERTAIN TRANSMISSION FACILITIES, (II) A CONSTRUCTION AGREEMENT TO PROVIDE FOR THE ACQUISITION AND CONSTRUCTION OF SUCH FACILITIES AND (III) A MASTER LEASE TO PROVIDE FOR THE LEASE OF SUCH FACILITIES TO BONNEVILLE, ALL FOR THE BENEFIT OF BONNEVILLE AND ITS CUSTOMERS; DELEGATING FURTHER AUTHORITY TO THE OFFICERS OF THE IDAHO ENERGY RESOURCES AUTHORITY TO AUTHORIZE AND APPROVE THE FINAL FORMS OF SUCH AGREEMENTS; AND RELATED MATTERS.

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WHEREAS, the Idaho Energy Resources Authority (the "*Authority*") has been organized under the Idaho Energy Resources Authority Act, Title 67, Chapter 89, Idaho Code, as amended (the "*Act*"), as an independent public body politic and corporate and a public instrumentality of the State of Idaho;

WHEREAS, the Authority and the United States of America Department of Energy acting by and through the Administrator of the Bonneville Power Administration ("*Bonneville*") have previously executed that certain Master Memorandum of Intent, dated November 22, 2013, as amended or supplemented from time to time, including as supplemented by that certain letter, dated June 19, 2014, from the Authority to Bonneville (the "*MOI*") to participate in transmission facilities lease-purchase transactions from time to time for the benefit of Bonneville as described therein;

WHEREAS, capitalized terms used and not defined herein have the meanings assigned to such terms in the MOI;

WHEREAS, Bonneville has requested and the Authority has agreed to participate in a Proposed Transaction to finance, acquire, construct and lease to Bonneville certain transmission facilities, including the Morrow Flat substation to be located in Morrow County, Oregon, as described in Section 6(a) of the MOI (collectively, the "*Projects*");

WHEREAS, in order to obtain financing for the Projects, the Authority will enter into a Credit Agreement (the "*Credit Agreement*") with Bank of America, N.A. (the "*Bank*"), providing for advances thereunder upon the terms specified therein, including in a total amount not to exceed the aggregate principal amount of \$100,000,000 as specified therein, bearing

interest at the rates and otherwise having such terms and provisions as specified therein, and the Authority will issue a promissory note, called Idaho Energy Resources Authority Bonneville Cooperation Transmission Facilities Short-Term Note No. 1 (herein referred to as the “*Note*”) in the form attached to the Credit Agreement in order to evidence the repayment obligations of the Authority to the Bank under the Credit Agreement, which Note shall be dated, shall mature, shall bear interest, shall be in such form and shall otherwise have such terms and provisions as provided therein and in the Credit Agreement;

WHEREAS, in order to acquire and construct the Projects, the Authority will enter into a Construction Agreement (the “*Construction Agreement*”) with Bonneville as construction provider, pursuant to which Bonneville will agree to acquire, construct, install, test and energize, as applicable, the Projects;

WHEREAS, the Projects will be leased to Bonneville pursuant to a Master Lease Agreement (the “*Master Lease*”), upon the terms and provisions set forth therein;

WHEREAS, in connection with the financing arrangements, the Authority will execute that certain Custodial and Security Agreement (the “*Custodial and Security Agreement*”), among the Authority, the Bank and U.S. Bank National Association, as collateral trustee, pursuant to which the Authority will pledge the Revenues (as defined in the Credit Agreement) and other collateral specified in the Custodial and Security Agreement (together with the Revenues, the “*Collateral*”) to secure the timely payment and performance of the obligations of the Authority under the Credit Agreement, the Note, the Custodial and Security Agreement and the Account Control Agreement (defined below);

WHEREAS, in connection with the financing arrangements, the Authority will execute that certain Account Control Agreement (the “*Account Control Agreement*”), among the Authority, the Bank and U.S. Bank National Association, as secured party and depositary bank;

WHEREAS, the Credit Agreement, the Note, Construction Agreement, Master Lease, Custodial and Security Agreement and Account Control Agreement are collectively referred to herein as the “*Lease and Financing Documents*” and the terms and provisions thereof are hereby incorporated in and made a part hereof; and

WHEREAS, the Authority is authorized by the Act and other applicable provisions of Idaho law to (a) enter into the Lease and Financing Documents and to undertake the transactions described herein and (b) take all other actions necessary in connection with the matters and transactions described herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE IDAHO ENERGY RESOURCES AUTHORITY, AS FOLLOWS:

*Section 1. Findings and Determinations.* The Authority hereby finds and determines that the Proposed Transaction as provided herein, including the execution of the Lease and Financing Documents and the transactions contemplated thereby, complies with the requirements of the Act. The costs of the Projects to be financed with the proceeds of the Credit Agreement

and the Note shall include all costs and expenses contemplated by the Lease and Financing Documents, including without limitation the Costs of Construction (as defined in the Master Lease and the Construction Agreement) of the Projects, capitalized interest, reserves and costs of issuance and expenses incidental to the foregoing, all of which costs are hereby determined by the Authority to be necessary, desirable and advisable in connection with the acquisition, construction, development, improvement and/or equipping, as applicable, of the Projects.

*Section 2. Authorization of the Lease and Financing Documents.* The Credit Agreement, the Construction Agreement, the Master Lease, the Custodial and Security Agreement and the Account Control Agreement, in substantially the forms attached hereto as *Exhibits A, B, C, D and E*, respectively, are hereby authorized and approved. The issuance of the Note, in substantially the form attached to the Credit Agreement, and its execution and delivery is hereby authorized and approved. The Chairman and the Secretary are hereby authorized and directed to sign and attest and seal, respectively, and as applicable, all of the Lease and Financing Documents and cause them to be delivered on behalf of the Authority, with such changes from the forms attached hereto as shall be approved by the Chairman (or such alternate officer executing such documents pursuant to Section 4(c) hereof), his execution thereof to constitute conclusive evidence of such approval.

*Section 3. Special Obligations.* The obligations of the Authority under the Credit Agreement, the Note, the Custodial and Security Agreement and the Account Control Agreement (the "*Obligations*") shall be special and limited obligations of the Authority, payable from and secured by a pledge and assignment of the Revenues and other Collateral pledged by the Authority pursuant to the Custodial and Security Agreement. The Obligations shall never constitute or become an indebtedness, or a debt or liability of the State of Idaho (the "*State*") or any agency or subdivision of the State and neither the State nor any of its agencies or subdivisions shall be liable on the Obligations nor shall the Obligations constitute the giving, pledging or loaning of the faith and credit of the State or any agency or subdivision of the State. The Obligations shall not, directly, indirectly or contingently, obligate the State or any agency or subdivision of the State to levy or collect any form of taxes or assessments for their payment or to create any indebtedness payable out of taxes or assessments. The Authority is not authorized to create a debt of the State within the meaning of the constitution or statutes of the State or to levy or collect taxes or assessments.

*Section 4. Ratification of Prior Actions Taken by the Authority's Officers, Managers and Employees; Further Authority.* (a) All prior actions taken by the Authority's officers, managers and employees in connection with the transactions contemplated hereby are hereby approved and ratified.

(b) The officers, management, employees and agents of the Authority are hereby authorized and directed to take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby, including, without limitation, the execution and delivery of any closing and other documents, instruments, papers and certificates required to be delivered in connection with the transactions contemplated hereby. The Authority may engage the services of legal counsel and consultants as it deems necessary or desirable in connection with all such transactions.

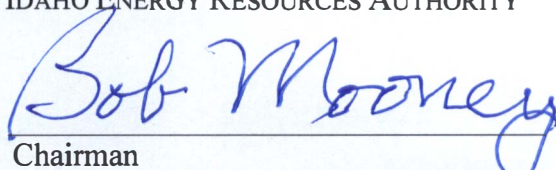
(c) If (i) the Chairman or (ii) the Secretary shall be unavailable to execute or attest, respectively, the Lease and Financing Documents or other documents that they are hereby authorized to execute or attest, the same may be executed or attested, respectively, (iii) by the Vice Chairman or the Executive Director, and (iv) by any Assistant Secretary. For this purpose, each member of the Board and the Executive Director is each hereby appointed as an Assistant Secretary.

*Section 5. Severability.* If any section, paragraph, clause, or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

*Section 6. Effective Date.* This resolution shall be effective immediately upon its approval and adoption.

ADOPTED AND APPROVED by the Board of Directors of the Idaho Energy Resources Authority, this 24th day of July, 2014.

IDAHO ENERGY RESOURCES AUTHORITY

  
Chairman

ATTEST:

  
Secretary

**EXHIBIT A**

[Form of Credit Agreement - On File]



**EXHIBIT B**

[Form of Construction Agreement - On File]

**EXHIBIT C**

[Form of Master Lease - On File]

**EXHIBIT D**

[Form of Custodial and Security Agreement - On File]

**EXHIBIT E**

[Form of Account Control Agreement - On File]