



IDAHO ENERGY RESOURCE AUTHORITY

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MINUTES OF THE IDAHO ENERGY RESOURCES AUTHORITY DIRECTORS' MEETING – January 9, 2006

The meeting of the board of the Idaho Energy Resources Authority (“IERA” or “Authority”) was called to order by Chairman Robert Mooney at 1:30 p.m.

Directors in attendance were: Robert Mooney, Ralph Williams, Gov. John Evans, Charles Hedemark, Larry Crowley and Mayor Darrell Kerby. Randy Hill joined the meeting by conference call. Also in attendance were Mike Shirley from Bogus Basin, Curtiss Peterson of United Electric, Jim Webb of Lower Valley Energy and Jim Power and Heber Carpenter of Raft River Electric. Ron Williams, local counsel to the Authority, was also present.

The board first reviewed the minutes from the December 13, 2005 board conference call. Upon motion and second, the minutes were unanimously approved.

Randy Hill explained the draft Request for Proposals (RFP) he and Jim Burr had prepared seeking financial advisors for the Authority. Randy proposed issuing the RFP on January 31, 2006, with responses to the RFP due in March. Upon motion by Gov. Evans, second by Ralph Williams, the board unanimously approved issuance of the RFP. Randy Hill and Robert Mooney, along with Ron Williams, will review proposals and make recommendations to the full board. This subcommittee will also provide notice to the full board of interviews with bidders so that any other board member wishing to attend can participate in the interviews. The subcommittee will report back to the full board with their recommendations at their next board meeting.

The next agenda item was a review of potential projects. The Chairman asked Mike Shirley from Bogus Basin to discuss the possibility of the Authority refinancing the Idaho Power transmission line to Deer Point and Bogus Basin. Mr. Shirley explained that the line was built in the 2000 – 2001, time period. Idaho Power owns the line and Bogus Basin is repaying Idaho Power for construction costs over a ten year time period at a 9.6% interest rate. The original line cost \$2.5 million, with \$1.8 million left on the obligation to Idaho Power. Bogus Basin is a 501(c) (3) nonprofit organization. Chapman and Cutler is reviewing how much of the original line cost could be re-financed by the Authority and whether the non-profit status of Bogus Basin would favorably impact the re-finance. Gov. Evans inquired as to how much of the original cost of the line could be re-financed by the Authority. Chairman Mooney disclosed that he is a board member of the Bogus Basin nonprofit corporation and would be unable to participate in any discussion of the project or vote on any resolutions of the Authority with respect to financing the line. Mr. Hedemark disclosed that, while he is not a board member of the Bogus Basin nonprofit corporation, he is assisting Bogus Basin in their nonprofit fundraising efforts.

Jim Webb from Lower Valley Energy made a brief presentation concerning the Caribou Transmission Project. Lower Valley, PacifiCorp and BPA are proposing to tap the Bridger line at Soda Springs for a new transmission line from Soda Springs to Afton, Wyoming. Lower Valley would like to borrow from the Authority, but would need to work with Cooperative Finance Cooperative (CFC) concerning existing CFC loan covenants.

Jim Power and Heber Carpenter then discussed the 138kv transmission line proposed from the C J Strike Substation to the Duck Valley Indian Reservation. Raft River hopes to commence construction as early as May, 2006. The Indian tribes of Duck Valley have received an RUS grant to assist in construction of the line. CFC has committed to construction financing. Raft River would like to investigate permanent financing from the Authority.

The Authority next discussed the collective financing needs of southern Idaho municipalities and cooperatives participating in the Intermountain Power Project #3 (IPP3), a 900MW coal unit in southern Utah. Idaho based consumer-owned utilities interested in subscribing to IPP3 would most likely pool their power needs through the Idaho Energy Authority, Inc. (IDEA). The City of Idaho Falls, an IDEA member, estimates a need for approximately 25MW of IPP3. The remaining IDEA members – municipal and cooperative – would need approximately 38.4 MW of generation from IPP3. Total financing needs of 60+MW of IPP3 generation would most likely exceed \$100 million. Transmission investment costs to move the generation to Idaho has yet to be determined. Chapman and Cutler is studying the financing structure necessary to accommodate these different interests.

The next agenda item called for a review of the draft Vision Statement for the Authority. In the interest of time, the Chairman suggested that a subcommittee be established to work on this project and report back to the board at the next meeting. The committee will be chaired by Larry Crowley, with Chuck Hedemark, Ralph Williams and Ron Williams working on this assignment.

Curtiss Peterson, web-master for Authority, handed out example web pages that could be used to enhance the Authority's website. Curtiss has also worked to improve the logo for the Authority. Ralph Williams and Curtiss will continue working on the website and development of the logo. The Board, upon motion and second, authorized Ralph Williams to engage a local graphic artist to develop a more refined IERA logo. Curtiss was given additional direction and thoughts from the board concerning development of the webpage.

As old business the Board again discussed opening a bank account for the Authority. Ron Williams reported on the legal ability of the Authority to bank with a bank owned by or which employed an IERA director. Governor Evans said he wished that the Authority would not bank with DL Evans Bank in order to avoid even the appearance of impropriety. Chuck Hedemark said he would not like Home Federal Savings and Loan to be considered as the Authority's bank because of his role as a director of that bank. Bob Mooney said Farmers and Merchants could also not be the Authority's bank because his brother, Mike Mooney, is President of Farmers & Merchants. The Board agreed that the Idaho Independent Bank was void of perceived conflicts

with directors. Upon motion by Ralph Williams, seconded by Larry Crowley, Ron Williams was instructed to open depository accounts with Idaho Independent Bank.

The next matter discussed was insurance and bonding for the Authority and directors. Mayor Kerby reported that ICRMP (Idaho County Risk Management Program) questions whether it would be the appropriate insuring entity for the Authority. Mayor Kerby noted that the IHFA acquires insurance through St. Paul Travelers and recently issued an RFP for coverage. Upon motion by Chuck Hedemark, seconded by Larry Crowley, Mayor Kerby was authorized to proceed with a solicitation for insurance on behalf of the Authority.

Bob Mooney briefly reported that Ida-Therm Geothermal had sent an informational packet to him concerning potential geothermal projects in southern Idaho. Mr. Mooney and Governor Evans briefly discussed the Ida-Therm business plan.

The Board selected its next meeting to be April 14, 2006 at 9:30 a.m. in Boise.

There being no further business to come before the Board, the meeting was declared adjourned at 4:30 p.m.


Secretary