



MINUTES OF THE IDAHO ENERGY RESOURCES AUTHORITY

DIRECTORS' MEETING – February 13, 2012

The meeting of the Idaho Energy Resources Authority was called to order by Chairman Bob Mooney at 9:00 a.m., MST.

1. Attendance: Directors in attendance were: Bob Mooney, Charles Hedemark, Randy Hill, Ralph Williams, Larry Crowley, and Darrell Kerby. Absent: Governor John Evans. Also in attendance was Ron Williams, Executive Director of the IERA.

2. Conference Call with BPA: Mark Gendron, Vice President--Northwest Requirements Marketing, and Claudia Andrews, Acting CFO of the Bonneville Power Administration, joined the meeting. Mr. Gendron and Ms. Andrews presented an overview of capital projects BPA is considering in the next several years. Bonneville has started the Southeast Idaho Service Initiative to replace power deliveries it is currently making pursuant to the Southeast Idaho Exchange Agreement, and the General Transfer Agreement, both set to expire between BPA and PacifiCorp. Specifically, BPA has signed an MOU with Idaho Power and with PacifiCorp for Bonneville to participate in two transmission projects: (1) Boardman to Hemmingway, and (2) Hemmingway to Eastern Idaho (the Gateway West Project). Other projects Bonneville is considering include: (i) the MSTI (Mountain States Transmission Project) transmission line from Montana into Idaho; (ii) a wholly owned BPA transmission line from the Bonneville's system into the Southeast Idaho area, and (iii) an "East Side" power supply generating option. Bonneville expects to develop a "preferred alternative" recommendation to the Administrator by the fall of 2012.

Ms. Andrews reviewed the third-party lease financing program between Bonneville and the Northwest Infrastructure Finance Corporation (NIFC). The NIFC arrangements proved to Bonneville that third-party financing for electrical facilities can be an important financial tool for BPA. Bonneville is also prepared to consider the IERA for such a program. Ms. Andrews expressed a major concern of Bonneville's related to continued exemption from state property taxes, when it uses third-party financing. Bonneville is exploring this tax exemption question in conjunction with the Port of Marrow. Bonneville also has raised this legal issue before the Oregon Tax Court and the Ninth Circuit.

Various board members expressed support for assisting Bonneville in helping finance transmission and generation projects. The Chairman explained this was one of the core missions of the IERA; to finance transmission and generation facilities for Bonneville's customers in Idaho. Mr. Williams was instructed to investigate validation procedures to insure property tax exempt financing through the IERA, should it become involved with Bonneville in these projects. He will contact the IERA's bond counsel, Mr. Jim Burr, and arrange a call with Robb Roberts, counsel to Bonneville.

3. Approval of Prior Minutes: Upon motion by Bob Mooney, seconded by Larry Crowley, the Minutes from the meeting of September 23, 2011, were unanimously approved.

4. Adjournment: There being no further business to come before the meeting, the meeting was declared adjourned at 10:05 a.m.



Acting Secretary