



MINUTES OF THE IDAHO ENERGY RESOURCES AUTHORITY  
DIRECTORS' MEETING – April 17, 2008

The meeting of the Idaho Energy Resources Authority was called to order by Chairman Robert Mooney at 10:00 A.M., MDT.

1. Attendance: Directors in attendance were: Robert Mooney, Ralph Williams, Larry Crowley Charles Hedemark and Mayor Darrell Kerby. Also attending were Ron Williams, local counsel to the Authority and Bob Campbell of Lehman Brothers.

2. Potential Projects for IERA Funding:

(a) *Raft River Transmission Line to Duck Valley*. Ron Williams and Bob Campbell explained the transaction proposed for the IERA to finance Raft River Electric Co-operative's (RREC) transmission line to Duck Valley. The financing involved the private placement of a bond with Idaho State Treasurer Ron Crane, backed by a loan guarantee from CFC. Chapman & Cutler prepared first drafts of loan documents and has been working with RREC to secure a loan or first mortgage accommodation from Rural Utility Services (RUS). In January RUS indicated to RREC that RUS could separately finance the transmission line at an interest rate significantly below either the IERA/CFC financing package, or the existing CFC line of credit. The board discussed the nature of the RUS loan package reported as being offered to RREC and the financial benefit to RREC related to this opportunity that would not have otherwise presented itself to RREC. In light of this effort and the time spent by the IERA's Chairman, attorneys, and investment bankers, and recognizing the significant savings in excess of one million dollars benefiting RREC as a result of those efforts, the board determined it would ask RREC for payment of the \$150,000 in fees the IERA would have otherwise received if RREC completes its RUS borrowing.

(b) *BPA Third Party Financing*. Bob Campbell reviewed the capital markets approach and worksheets presented to BPA for third party lease financing. Recent focus has been on presenting a short term (up to seven years) commercial paper program to accommodate flexibility in construction financing. Bonneville is reconsidering that approach and instead moving to a program that simply involves long term bond financing. Bonneville is also looking at substation equipment financing, instead of line construction financing, that might better fit this long term bond versus construction financing model. Negotiations continue and substantive progress is being achieved.

(c) *Chester Dam Hydro Project*. Ron Williams and Bob Campbell reported on a conference call with representatives of the Fremont Madison Irrigation

District (FMID) and Fall River Electric Cooperative concerning adding slightly over 3MW of generation at the Chester Dam on the main stem of the Upper Snake River in Eastern Idaho. The Cooperative and FMID are in negotiations concerning financing and development, with Fall River as the purchaser of the output from the facility. The two parties have been discussing a power purchase agreement for all KWh produced. For financing purposes Bob Campbell suggested the parties consider a fixed capacity payment from Fall River to FDID in an amount at least equal to the debt service that would be owed by FMID to the IERA.

3. Old and New Business: Ron Williams reported that a meeting of state transmission/infrastructure authorities is scheduled for Jackson Hole, Wyoming, on July 2.

4. Adjourn: There is no old or new business to come before the Board and the meeting was adjourned at 11:00 A.M., MDT.

A handwritten signature in blue ink, appearing to read "T. J. Hill", is written over a horizontal line.

Secretary