



MINUTES OF THE IDAHO ENERGY RESOURCES AUTHORITY  
DIRECTORS' MEETING – October 18, 2010

The meeting of the Idaho Energy Resources Authority was called to order by Chairman Robert Mooney at 1:30 p.m., MDT.

1. Attendance: Directors in attendance were: Robert Mooney, Charles Hedemark, Randy Hill, Ralph Williams, Larry Crowley, and Darrell Kirby. Also attending was Ron Williams, counsel to the IERA.
2. Approval of Prior Minutes: Upon motion by Ralph Williams, seconded by Larry Crowley, the Minutes from July 16, 2010, were unanimously approved. Darrell Kirby also asked for a correction on the agenda for today's meeting, indicating the meeting date was October 18, not October 15.

As the first matter of business, the Chairman noted that Horse Butte Wind Power Project documents required the IERA to have an executive empowered to sign on behalf of the Authority. After discussion, upon motion by Randy Hill, seconded by Charles Hedemark, the directors unanimously agreed to appoint Ron Williams as the Executive Director of the Idaho Energy Resources Authority.

The Board then turned its attention to the Horse Butte Wind Project. Mr. Williams' Memorandum of October 15, 2010, entitled "Report on Horse Butte Wind Project" was reviewed by the Board. As explained, the first set of documents, referred to as "Authority Agreements," addresses the IERA's relationship with UAMPS. The Letter Agreement between the IERA and UAMPS outlines the initial relationship of the parties. That relationship is then further explained in the Development Agreement. Third, the Inducement Letter from UAMPS to the IERA provides UAMPS indemnification to and defense of the IERA for any risk related to the Project. Finally, the Chapman & Cutler Opinion Letter stands behind the Inducement Agreement and unequivocally confirms the IERA's ability to enforce the Development Agreement and Inducement Letter against UAMPS. Mr. Williams also noted that significant changes were made to all of the above described agreements to isolate the Horse Butte Project development risk from the IERA and contain it within the Horse Butte Wind I LLC (HBW I) entity. The IERA is the 99% owner of HBW I.

The second set of "Project Agreements," include the Construction Loan Agreement, the Turbine Supply Agreement, the Balance of Plant Agreement, the Service and Maintenance Agreement, Power of Purchase Agreements and other security agreements related to the above contracting obligations. The majority of the Project Agreements are three-party agreements that involve a counter-party (either the lender or a contractor), UAMPS and HBW I. In all of Project Agreements UAMPS is responsible from a liability standpoint and acts as HBW I's agent for contracting purposes.

Randy Hill indicated he too had reviewed indemnification and inducement provisions provided by UAMPS, the Chapman & Cutler's opinion, and also noted the additional liability protections provided by the separate entity structure of using a LLC. Mr. Hill observed that the IERA is making no investment in the Project, but is simply accommodating UAMPS' desire to provide lower cost financing for the Project through the IERA involvement. Mr. Hill and Mr. Williams confirmed that there are now nonrecourse provisions protecting the IERA, its directors and officers, in all key Project agreements and documents. There is no risk to the citizens of Idaho associated with the Project, and the objectives of this transaction for the IERA are directly related to the IERA's statutory charge and authority, to facilitate the development of energy generation projects in Idaho. Mayor Kirby asked for confirmation that IERA has the requisite legal authority to enter into the various agreements proposed. Mr. Williams answered that question affirmatively.

The Board then reviewed and discussed the proposed eight page draft IERA resolution prepared by Chapman and Cutler. Following discussion, upon motion by Randy Hill, seconded by Charles Hedemark, the following Resolution was unanimously adopted authorizing the Chairman to execute, on behalf of the IERA, the attached eight page resolution:

Resolved, that the Idaho Energy Resources Authority ("Authority") is hereby authorized to acquire a majority membership interest in the Horse Butte Wind I LLC which will construct, own and operate a wind powered electric generating facility in Bonneville County, Idaho, all in connection with the Utah Associated Municipal Power Systems Horse Butte Wind Project; that the Authority will appoint a manager for the Project Company; that the Authority authorizes and approves an Operating Agreement, a Development Agreement, a Construction Loan Agreement, a Member Interest Purchase Agreement and a Power Purchase Agreement; that the Authority also approves a Wind Turbine Supply Agreement and a Balance of Plant Contract and other agreements related to the Horse Butte Wind Project and the wind power generating facility; and that the Authority and its Chairman, Officers and Executive Director, are authorized to take any and all other actions in connection with the transaction contemplated hereby, as contained in the certified copy of resolutions attached hereto.

The Board then suggested that the IERA issue a press release concerning its involvement with the Horse Butte Wind Project. Ron Williams was asked to coordinate this press release with UAMPS and its members, such as the City of Idaho Falls.

The Chairman gave a brief report on old business matters for the Authority. The Bonneville Power Administration had again inquired as to the IERA's commitment to Barclays as its investment banker. BPA also acknowledged that it is not currently anticipating a financing or lease financing program with the IERA, because of the enlargement of its credit facility through Department of Treasury. The Board discussed this issue and it was recommended that Bob Campbell with Barclays be asked to submit

additional credentialing information about Barclays and its ability to continue to act as lead investment banker for the IERA.

The Board also discussed the appointment of new directors for the following year, noting that the Board positions held by Governor Evans and Randy Hill would be expiring in 2011.

There being no further business to come before the meeting, the meeting was declared adjourned at 3:30 p.m.

  
Secretary