Lower Valley Energy

Board Meeting Minutes

General Session

May 29, 2018

A General Session of the Board of Directors was held on May 29, 2018. Meeting convened at 11:00 a.m.

BOARD MEMBERS PRESENT: Scott Anderson, Fred Brog, Dan Dockstader via telephone, Ted Ladd via telephone, Dean S. Lewis, Linda Schmidt, and Nancy Winters.

OTHERS PRESENT: James R. Webb, President/CEO; Steve Duerr, Attorney; Rick Knori via telephone, Director of Engineering; and Gay Petersen, Executive Assistant/HR.

Chairman Fred Brog welcomed everyone and explained that there were three major components to be decided at this meeting. They were to authorize management to finish negotiations in order to accept the Bonneville Power Administration Agreement to Transfer Construction, Ownership, Operation, and Maintenance Responsibilities of Hooper Springs Transmission Line to Lower Valley Energy, give authorization to management to execute the Capacity Lease Agreement between Lower Valley Energy and Bonneville Power Administration when it is final and approve the funding request to CFC to obtain the necessary funding to construct and own the Hooper Springs Transmission Line.

James R. Webb explained the Transfer Agreement terms in detail. He also informed the Board of possible short-term construction funding available through ECI at a favorable rate.

James R. Webb reviewed the financing terms approved by CFC to fund the transmission line. He informed the Board of the timing for the payment of BPA’s reimbursable costs and BPA’s agreement to pay the carrying costs on the reimbursable expenses until the line is complete.

Discussion was held regarding the risk of not having the PacifiCorp Interconnection Agreement in place at the time of completion of the line and who would pay the interest until the interconnection agreement was completed.

James R. Webb informed the Board that BPA had agreed to move the stored transformers and test them at BPA’s expense and that the transformers will be in working condition upon delivery. He also stated that BPA had agreed to cover the power losses on the new line when it is in service.

James R. Webb reviewed the BPA capacity agreement terms pointing out that operating costs will be reviewed every five years and cost adjustments can be made if necessary. He also discussed that Lower Valley Energy will agree to operate its transmission system as a closed loop as long as it is required to meet BPA’s WECC requirements.

The Board discussed timelines and possibilities of not meeting deadlines. Rick Knori addressed these issues and assured the Board that he and the contractors all felt very comfortable in meeting the construction deadline of December 31, 2019. The differences in costs between BPA’s projections and Lower Valley Energy’s projections were also discussed in detail.

A motion was made and seconded to authorize management to finalize negotiations and execute the Bonneville Power Administration Agreement to Transfer Construction, Ownership, Operation, and Maintenance Responsibilities of the Hooper Springs Transmission Line to Lower Valley Energy. Motion carried. Voting was unanimous.
A motion was made and seconded to authorize management to finalize negotiations and execute the Capacity Lease Agreement between Bonneville Power Administration and Lower Valley Energy. Motion carried. Voting was unanimous.

A motion was made and seconded to authorize management to sign the CFC financing documents necessary to obtain short and long-term financing up to $64 million for construction of the Hooper Springs Transmission Line. Motion carried. Voting was unanimous.

Meeting adjourned at 11:55 a.m.

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Fred Brog, Chairman                        Dan Dockstader, Secretary/Treasurer