

RESOLUTION

RCCC-2019-003

APPROVAL OF GAS REPOWERING PLAN OF FINANCE

On motion of Ted Olson, seconded by Durand Robison, at an Intermountain Power Project (“IPP”) Renewal Contract Coordinating Committee meeting held on November 25, 2019 the following Resolution was duly adopted:

WHEREAS, Intermountain Power Agency (“IPA”) is a party with the Purchasers (as defined in the Renewal Power Sales Contracts) to those certain Renewal Power Sales Contracts, dated as of January 16, 2017 (collectively, the “Renewal Power Sales Contracts”); and

WHEREAS, in Section 44.3 of the Original Power Sales Contracts (as defined in the Renewal Power Sales Contracts), IPA and the Original Purchasers (as defined in the Renewal Power Sales Contracts) have agreed to undertake the Gas Repowering (as defined in the Original Power Sales Contracts) as a Capital Improvement (as defined in the Original Power Sales Contracts); and

WHEREAS, in Section 44.5 of the Original Power Sales Contracts, IPA and the Original Purchasers have agreed that unless otherwise approved by the Original Coordinating Committee (as defined in the Renewal Power Sales Contracts), IPA shall finance the Cost of Acquisition and Construction (as defined in the Original Power Sales Contracts) of the Gas Repowering by the issuance of IPA’s Bonds (as defined in the Original Power Sales Contracts) or other obligations constituting Transition Project Indebtedness (as defined in the Original Power Sales Contracts); and

WHEREAS, Section 4.10 of the Original Power Sales Contracts defines the Cost of Acquisition and Construction to include the following: “All costs and expenses of planning, designing, acquiring, constructing, installing, and financing the Project [with the term ‘Project’ including, by definition, a Capital Improvement],” including, but not limited to, the following:

1. “the acquisition of resources, facilities, and supplies for fuel, fuel transportation or transmission and water for the generating facilities[;]” and
2. “[a]ll costs relating to injury or damage claims arising out of the construction[;]” and
3. “[a]ll other costs incurred by I.P.A. and properly allocable to the acquisition and construction[;]” and

WHEREAS, Section 44.2 of the Original Power Sales Contracts provides that the Gas Repowering “shall include the decommissioning and retirement from service of the then existing Project generating units and related facilities and properties that are replaced by or otherwise become no longer useful due to the construction or operation of the Gas Repowering[;]” and

WHEREAS, Section 15.1.2 of the Renewal Power Sales Contracts requires IPA to obtain the prior approval of the IPP Renewal Contract Coordinating Committee for the issuance of Transition Project Indebtedness (as defined in the Renewal Power Sales Contracts) except for Transition Project Indebtedness (as defined in the Renewal Power Sales Contracts) satisfying the conditions of Section 15.1.2(A) or Section 15.1.2(B) of the Renewal Power Sales Contracts; and

WHEREAS, IPA staff has recommended that IPA adopt the following plan of finance for the Gas Repowering (the "Gas Repowering Plan of Finance") such that IPA will use commercially reasonable efforts to issue Bonds or other obligations to finance the Cost of Acquisition and Construction of the Gas Repowering as follows:

1. Finance all or a portion of the Cost of Acquisition and Construction of the Gas Repowering through IPA's issuance, from time to time, of Bonds or other obligations having maturities of ten years or less pursuant to one or more agreements, indentures or resolutions entered into or adopted by IPA as approved by the Original Coordinating Committee and IPA consistent with the obligations of IPA, the Original Purchasers and the Original Coordinating Committee under the Original Power Sales Contracts (each such financing being a "Gas Repowering Bridge Financing"); and
2. On or before December 31, 2019, complete a Gas Repowering Bridge Financing (the "2019 Gas Repowering Bridge Financing"), with Bonds or other obligations having maturities later than June 16, 2027, such that the 2019 Gas Repowering Bridge Financing qualifies as Transition Project Indebtedness (as defined in the Original Power Sales Contracts); and
3. Prior to or contemporaneous with the 2019 Gas Repowering Bridge Financing, adopt the Fifty-Ninth Supplemental Power Supply Revenue Bond Resolution as a supplemental resolution to the Bond Resolution (as defined in the Original Power Sales Contracts) to evidence the intention of IPA, the Original Purchasers and the Original Coordinating Committee that the existence of outstanding Transition Project Indebtedness (as defined in the Original Power Sales Contracts) as of June 15, 2027 shall not result, or be deemed to have resulted, in an extension, pursuant to Section 26.1 of the Original Power Sales Contracts, of the date upon which the Original Power Sales Contracts terminate; and
4. Complete one or more Gas Repowering Long-Term Financings for the following purposes:
 - a. To finance the Cost of Acquisition and Construction of the Gas Repowering that is not financed through the issuance of a Gas Repowering Bridge Financing; and
 - b. To refinance one or more Gas Repowering Bridge Financings at or prior to maturity of such Gas Repowering Bridge Financings; and

5. “Gas Repowering Long-Term Financing” means a financing consisting of the issuance of fixed or variable rate, long-term Bonds or other obligations of IPA the final maturity date of which is scheduled to occur after June 16, 2027 so that, if such Bonds or other obligations of IPA are issued before June 16, 2027, such Bonds or other obligations of IPA constitute Transition Project Indebtedness (as defined in the Original Power Sales Contracts); and
6. Terminate in full, defease in full, retire in full, refund in full or redeem in full a Gas Repowering Bridge Financing or a Gas Repowering Long-Term Financing before June 16, 2027 only if some Transition Project Indebtedness (as defined in the Original Power Sales Contracts) is outstanding after such Gas Repowering Bridge Financing or Gas Repowering Long-Term Financing is so terminated, defeased, retired, refunded or redeemed; and
7. Optimize the costs to IPA of financing the Cost of Acquisition and Construction of the Gas Repowering in light of the events and circumstances affecting such costs, including, without limitation, market conditions, financial requirements of the Gas Repowering and recommendations of IPA’s financial advisor and the IPA Finance Committee; and

WHEREAS, IPA staff have determined that to the extent that approval of the Gas Repowering Plan of Finance constitutes approval of Transition Project Indebtedness (as defined in the Renewal Power Sales Contracts), it is appropriate for the IPP Renewal Contract Coordinating Committee to approve the Gas Repowering Plan of Finance; and

WHEREAS, the IPP Renewal Contract Coordinating Committee has reviewed such recommendations.

NOW THEREFORE, BE IT RESOLVED, that the IPP Renewal Contract Coordinating Committee hereby adopts the Gas Repowering Plan of Finance; and

BE IT FURTHER RESOLVED, that the Chairman is hereby authorized and directed by the IPP Renewal Contract Coordinating Committee to execute this Resolution and to do all things necessary to render the same in full force and effect.

INTERMOUNTAIN POWER PROJECT



CHAIRMAN, RENEWAL CONTRACT
COORDINATING COMMITTEE

ATTEST:



SECRETARY