

# APPENDIX I

**VERMONT HYDROELECTRIC POWER AUTHORITY**

**BYLAWS**

**ARTICLE I  
POWERS, ORGANIZATION AND ADMINISTRATION**

- Section 1. Administration. The powers, organization and administration of the Authority shall be in accordance with the provisions of 30 V.S.A. Chapter 90, as amended, applicable laws and these Bylaws.
- Section 2. Fiscal Year. The fiscal year of the Authority shall be July 1 through June 30.
- Section 3. Seal of Authority. The seal of the Authority shall be in such form as shall be determined by resolution of the Authority.
- Section 4. Offices of the Authority. The offices of the Authority shall be at Montpelier, Vermont or at such other location in the State of Vermont may be approved by the Board.

**ARTICLE II  
DIRECTORS AND OFFICERS**

- Section 1. Directors. The Authority shall consist of a Board of seven directors. Five directors shall be appointed by the Governor, with the advice and consent of the Senate. At least one director appointed by the Governor shall represent retail customers. The State Treasurer of Vermont shall be an ex officio member of the Board. One director shall be a representative of the department of public service, appointed by the commissioner, who shall serve at the pleasure of the commissioner.
- Section 2. Compensation. Directors shall be compensated for necessary expenses incurred in the performance of their duties in the manner provided by section 1010 of Title 32.
- Section 3. Officers. The officers of the Authority shall be a Chair, Vice-Chair, Secretary and Treasurer who shall be elected by the Board from among its directors. Each officer shall be elected at the first meeting of the Board in each fiscal year and shall serve until the next annual election. The offices of Secretary and Treasurer may be combined.

- Section 4. Chair. The Chair shall preside at all meetings of the directors of the Authority and shall have general supervision of the directors of the Authority and shall have general supervision over the business and affairs of the Authority. Except as otherwise provided by resolution of the directors of the Authority, the Chair shall sign all orders, contracts, deeds and other instruments made by the Authority. At each meeting, the Chair shall submit such recommendations and information as he may consider proper concerning the business, affairs and policies of the Authority. The Chair shall review all accounts on a monthly basis with the Treasurer.
- Section 5. Vice-Chair. The Vice-Chair shall perform the duties of the Chair in the absence or incapacity of the Chair.
- Section 6. Secretary. The Secretary shall keep the records of the Authority, shall act as Secretary of the meetings of the directors of the Authority and record all votes, and shall keep a record of the proceedings of the directors of the Authority in a journal of proceedings to be kept for such purpose, and shall perform all duties incident to the office. The Secretary shall keep in safe custody the seal of the Authority and shall have power to affix such seal to all contracts and instruments authorized to be executed by the Authority. If approved by the Board, duties of the Secretary may be delegated to the Manager.
- Section 7. Treasurer. The Treasurer shall have the care and custody of all funds of the Authority and shall deposit the same in the name of the Authority in such bank or banks as the directors of the Authority may select. The Treasurer shall sign all orders and checks for the payment of money and shall pay out and disburse such moneys under the direction of the directors of the Authority. Except as otherwise authorized by resolution of the directors of the Authority, all such orders and checks shall be countersigned by the Chair or Vice-Chair. The Treasurer shall keep regular books of accounts showing receipts and expenditures and shall render to the directors of the Authority, and to the Auditor of Accounts of the State of Vermont, upon request, and account of his transactions and also of the financial condition of the Authority. The Treasurer shall review all accounts on a monthly basis with the Chair. If approved by the Board, duties of the Treasurer may be delegated to the Manager.
- Section 8. Additional Duties. The officers of the Authority shall perform such other duties and functions as may from time to time be required by the directors of the Authority or its bylaws.
- Section 9. Removal and Vacancies. Any officer may be removed or have his or her authority suspended by the Authority at any time, with or without cause. If an office becomes vacant for any reason, the Authority shall have the power to fill such vacancy.

- Section 10. Delegation. In the event of a vacancy in any office or the absence or disability of any officer or for any reason that the Board may deem sufficient, the Authority, except as otherwise provided by the law, may temporarily delegate the powers or duties of any officer to any other officer or to any director.
- Section 11. Executive Committee. The Executive Committee shall be comprised of the Chair, Vice-Chair, Treasurer and Secretary. The Committee shall meet at the request of the Chair to discuss Authority business. No decision of the Executive Committee shall be binding upon the Authority unless and until it is approved at a directors meeting.

### ARTICLE III MEETINGS

- Section 1. Annual Meeting. The first meeting in each fiscal year shall be the annual meeting of the Authority and shall be held at such time and place, within the State of Vermont, as is designated in the notice of same.
- Section 2. Regular Meetings. The Authority may establish a schedule of regular meetings to be held within the State of Vermont between the annual meetings. The regular business of the Authority may be transacted at such meetings.
- Section 3. Special Meetings. The Chair of the Authority may, and upon written notice of three directors of the Authority shall, call a special meeting of the directors of the Authority for the purpose of transacting any business designated in the notice of such meeting. The notice for a special meeting may be delivered to each director of the Authority or may be mailed to the business or home address of each director of the Authority at least two days prior to the date of such special meeting. The regular business of the Authority may be transacted at such meetings.
- Section 4. Written Notice. Written notice of all special meetings shall be given to each director by mailing such notice, postage prepaid, to the director at his or her business address last recorded with the Authority at least two days, excluding Saturdays, Sundays and legal holidays, before the date of the special meeting or by any such notice to the director in person at least one day, excluding Saturdays, Sundays and legal holidays, before the date of the special meeting. Notice by mail shall be deemed to be given at the time when the notice is mailed.
- Section 5. Waiver. Notice of the time and place of a meeting may be waived by any director in writing either prior to or subsequent to the holding of such meeting, and shall be deemed waived by a director's participation in or

attendance at such meeting. Each written waiver shall be kept with the records of the meeting.

- Section 6. Quorum. The powers of the Authority shall be vested in the directors thereof. Four directors shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, except that one director present at a meeting may adjourn the same from time to time until the quorum is obtained. A vote of a majority of the directors at any meeting at which a quorum is present shall be necessary for any action taken by the Authority at such meeting. Ex officio directors, or their proxies, shall be full voting directors of the Board.
- Section 7. Presiding Officer. At all meetings of the Authority, the Chair shall be the presiding officer, except as otherwise provided herein. In the event that a meeting occurs when the office of the Chair is vacant or in the absence or disability of the Chair, the Vice-Chair shall be the presiding officer. In event the Vice-Chair shall be absent or unable to preside, the Authority shall choose from among those directors present, a director to preside at such meeting.
- Section 8. Meetings by Telephone Conference. If the Chair determines there is a need for the directors to act before such time as it is possible or practicable to bring a quorum of the directors together at the same location, the Chair, or the Manager upon direction of the Chair, may give notice that directors may participate in the meeting of the Authority by means of telephone conference or similar communications equipment, by means of which all persons participating in the meeting can hear each other and persons present at the designated place of the meeting can hear all of the persons participating in the meeting, and such participation in a meeting shall constitute presence in person at such meeting. Any required notice of the place of a meeting at which participation is by means of a telephone conference or similar communications equipment shall be sufficient if it designates as the place of the meeting the place at which one or more of the participants in the meeting is located at the time the meeting is held, and the method by which telephone attendance may be achieved.
- Section 9. Procedure/Manner of Voting. The order of business and all other matters of procedure at each meeting of the Board shall be determined by the presiding officer. The voting on questions at meetings of the Authority shall be by voice, unless any director shall request a roll call vote.

**ARTICLE IV  
STAFF AND PERSONNEL**

- Section 1. Staff Officers/Personnel. The Authority shall appoint a manager who shall hold office at the pleasure of the Authority or by contract. The Authority, with the Governor's approval, shall fix the Manager's compensation.
- Section 2. Manager. The Manager shall be the chief executive officer of the Authority and shall, subject to the policies, control and direction of the directors: present to the directors in a timely manner information received regarding the purchase of hydroelectric facilities and any other hydroelectric projects in which the Authority is involved; be responsible for the efficient administration and operation of the Authority; carry out the policies and directives of the Authority; be responsible for obtaining and furnishing to the Authority financial and other reports as may be required by the Authority; recommend to the Authority, from time to time, such measures as the Manager shall deem necessary or advisable; be responsible for matters relating to inter-governmental relations; be responsible for the Authority's internal audit and internal affairs; be responsible for preparation and submission to the Authority of the proposed annual budget for adoption at the annual meeting; keep the Authority informed as to the financial needs and condition of the Authority; and exercise such other powers and perform such other duties as the Authority may determine.
- Section 3. Other Staff. The Authority may employ such other persons, agents and consultants as it deems advisable in order to carry out its business.

**ARTICLE V  
INDEMNIFICATION OF DIRECTORS, OFFICERS AND PERSONNEL**

- Section 1. Right of Indemnification. Each director, officer and employee of the Authority whether or not then in office and any personal representative of a deceased director, officer or employee, shall be indemnified by the Authority in connection with the defense of civil or criminal actions or proceedings or appeals pertaining to Authority activities in accordance with and to the fullest extent permitted by law.
- Section 2. Other Rights of Indemnification. The right of indemnification herein provided shall not be deemed exclusive of any other rights to which any such director, officer or employee may now or hereafter be otherwise entitled and specifically, without limiting the generality of the foregoing, shall not be deemed exclusive of the rights pursuant to statute or otherwise of any such director, officer or employee in any such action or proceeding

ADOPTED 9/27/2004

to have assessed or allowed in his favor against the Authority or otherwise, his or her cost and expenses incurred therein or in connection therewith.

**ARTICLE VI  
AMENDMENTS**

Section 1. Amendments to Bylaws. The Bylaws of the Authority may be adopted or amended at any meeting of the Authority, notice of which shall have referred to the proposed action, with the approval of at least seven directors of the Authority at such meeting. At least seven days written notice of such proposed actions shall be provided to all directors.

ADOPTED 9/27/2004

**VERMONT HYDROELECTRIC POWER AUTHORITY  
BOARD OF DIRECTORS**

**ORGANIZATIONAL RESOLUTIONS**

SEPTEMBER 27, 2004

**WHEREAS**, the General Assembly of the State of Vermont, in its 2003-2004 session, adopted, and the Governor of the State of Vermont executed, Act Number 121 Public Law which established Chapter 90 of Title 30 of the Vermont Statutes Annotated (the "Enabling Statute"), creating the Vermont Hydroelectric Power Authority (the "Authority") to acquire interests in certain hydroelectric power facilities along the Connecticut and Deerfield Rivers in Vermont, New Hampshire and Massachusetts and to engage in sales of electric energy from those facilities to wholesale purchasers; and

**WHEREAS**, the Enabling Statute established a seven member board of directors to exercise the powers of the Authority; and

**WHEREAS**, the Governor of Vermont has appointed five members of the board of directors to be appointed by the Governor, the Treasurer of State of Vermont serves ex officio as the sixth member of the board of directors, and the Commissioner of the Vermont Department of Public Service has appointed the seventh member of the board of directors; and

**WHEREAS**, the Enabling Statute authorizes, among other things, the board of directors of the Authority to adopt bylaws and appoint certain officers;

**NOW, THEREFORE, BE IT VOTED** by the Board of Directors of the Authority that it adopt the following resolutions:

**Section 1.** That the bylaws attached hereto as Exhibit A are adopted, confirmed and ratified as the bylaws of the Authority.

**Section 2.** That the persons named below are duly appointed as the officers of the Authority:

Chair	Brad Aldrich
Vice-Chair	The Honorable Jeb Spaulding
Secretary	John Sayles, Manager (Designee)
Treasurer	John Sayles, Manager (Designee)

**Section 3.** That that certain Memorandum of Understanding dated May 5, 2004 by and among Brascan Power Corporation, Emera, Inc., and State of Vermont, as assigned from State of Vermont to the Authority by Assignment dated July 21, 2004 setting forth the principal terms regarding the proposed acquisition of the hydro assets of US Gen New England, Inc., which are located on the Connecticut and Deerfield Rivers (the "Memorandum of Understanding"), is hereby confirmed and ratified.

**Section 4.** That John Sayles is authorized, empowered and directed, for and on behalf of the Corporation and in its name, to sign, seal, execute and deliver such documents, agreements, certificates and instruments as are appropriate to carry out the terms of the Memorandum of Understanding.

**Section 5.** That the contracts entered into by the Authority with Lexecon, Inc., Dinse, Knapp & McAndrew, P.C., Government Finance Associates, Inc., and Palmer & Dodge, LLP, are hereby confirmed and ratified.

**Section 6.** That the appointment of John Sayles as Interim Manager of the Authority is hereby confirmed and ratified.

**Section 7.** That John Sayles is authorized, empowered and directed to take any and all actions as he may, in his discretion, deem necessary, desirable or convenient to effect the purposes of the foregoing resolutions, including without limitation the execution, sealing and delivery of documents, agreements, certificates and instruments.

**Section 8.** That John Sayles is authorized in the name and on behalf of the Authority to execute and deliver all such further agreements, instruments and other documents and to do all such other acts and things as he may deem appropriate or necessary to carry out the foregoing resolutions and the transactions contemplated thereby, his execution of any such document to constitute conclusive evidence of his authority.

**Section 9.** These Resolutions shall take effect immediately upon their passage.

Dick - Moved  
Fred - 2nd.

Approved  
Unanim

VERMONT HYDROELECTRIC POWER AUTHORITY  
BOARD OF DIRECTORS

FURTHER ORGANIZATIONAL RESOLUTION

NOVEMBER 15, 2004

**WHEREAS**, the General Assembly of the State of Vermont, in its 2003-2004 session, adopted, and the Governor of the State of Vermont executed, Act Number 121 Public Law which established Chapter 90 of Title 30 of the Vermont Statutes Annotated (the "Enabling Statute"), creating the Vermont Hydroelectric Power Authority (the "Authority") to acquire interests in certain hydroelectric power facilities along the Connecticut and Deerfield Rivers in Vermont, New Hampshire and Massachusetts and to engage in sales of electric energy from those facilities to wholesale purchasers; and

**WHEREAS**, the Enabling Statute established a seven member board of directors to exercise the powers of the Authority; and

**WHEREAS**, the Board of Directors on September 27, 2004 delegated the functions of the Secretary and Treasurer to the Manager, but did not adopt a resolution naming a Board Member to those positions;

**NOW, THEREFORE, BE IT VOTED** by the Board of Directors of the Authority that it adopt the following resolution:

**Section 1.** That the person named below is duly appointed as the Secretary/Treasurer of the Authority:

David O'Brien

**Section 2.** This Resolution shall take effect immediately upon passage.

VERMONT HYDRO-ELECTRIC POWER AUTHORITY  
Meeting of the Board of Directors  
December 6, 2004.

WHEREAS, the Vermont Hydro-electric Power Authority (the "Authority") was formed by the Legislature of the State of Vermont with the authority to finance, purchase, own, operate or manage any interest in the hydroelectric power facilities along the Connecticut and Deerfield Rivers in Vermont, New Hampshire and Massachusetts (the "System"), in order to promote the general good of the state, stimulate the development of the Vermont economy, increase the use by Vermont consumers of environmentally-sound sustainable and renewable in-state energy sources, reduce electricity price risk and volatility and increase system reliability, not compete with Vermont utilities and ensure no adverse effect on the credit rating of the state; and

WHEREAS, The Town of Rockingham, Vermont (the "Town") and Bellows Falls Power Company, LLC, a joint venture of Brascan Corporation and Emera, Inc. (the "Company"), have requested that the Authority enter into agreements for the purpose of financing the Town's exercise of its option to purchase the Bellows Falls hydroelectric facility (the "Facility") and facilitating its lease of the Facility to the Company (the "Transactions"); and

WHEREAS, the Authority has engaged in extensive investigation of possible acquisitions of the System and the Facility and determined that the Authority's participation in the Transactions is in the best interests of the Authority and is the best opportunity for the Authority to promote the goals of the Authority recited in its enabling legislation; and

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Authority is hereby AUTHORIZED and EMPOWERED to participate in the Transactions by entering into and performing the Master Agreement by and among the Town, the Company and the Authority, the Assignment of Option to Purchase by and between the Town and the Authority, the Assignment of Lease Agreement by and between the Town and the Authority, the Security Agreement between the Town and the Company, and the Blocked Account Control Agreement among the Town, the Company and [Banknorth, N.A.] (collectively, the "Transaction Agreements").
2. The Manager and the Chair of the Board of Directors are, and each of them acting singly is, hereby AUTHORIZED and EMPOWERED to execute and deliver the Transaction Agreements and such other agreements, documents and instruments and to take all actions or do all things that they determine, with the advice of counsel, are necessary or reasonable to perform the Authority's obligations in the Transactions.

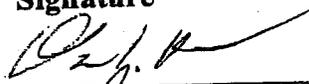
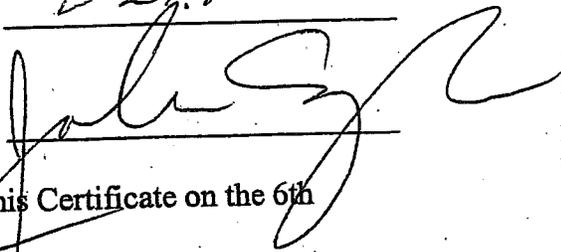
3. The Transaction Agreements hereby are AUTHORIZED, APPROVED, CONFIRMED AND RATIFIED in substantially the form presented to the Board of Directors at this meeting, with such changes as are deemed necessary or advisable by the Authorized Officers, their execution and delivery to be conclusive evidence of their authority.
4. These resolutions shall take effect immediately.

RESOLUTION OF THE  
VERMONT HYDRO-ELECTRIC POWER AUTHORITY

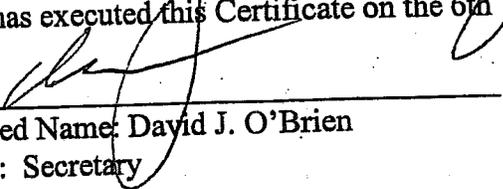
The undersigned, the duly elected and qualified secretary of the Vermont Hydro-electric Power Authority, a body corporate and politic and a public instrumentality of the State of Vermont (hereinafter referred to as the "Authority"), hereby certifies that the following Resolutions were duly adopted by the Board of Directors of said Authority, said Resolutions having been adopted on the 6th day of December, 2004, and that said Resolutions have not been modified or rescinded and are still in full force and effect as of the date hereof.

RESOLVED, that the Board of Directors of the Authority hereby appoints Fidelity National Title Insurance Company (hereinafter referred to as the "Bank") as Escrow Agent of certain financial assets of the Authority; and

FURTHER RESOLVED, that the persons designated below, acting singly or together, are hereby authorized and empowered to take such actions and to execute and deliver such documents as may be necessary to discharge the Authority's obligations with respect to the appointment of the Bank as Escrow Agent and with respect to issuing instructions to enable the Bank to discharge its obligations as Escrow Agent of the Authority's assets:

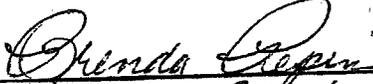
Printed Name	Title	Signature
David J. O'Brien	Treasurer and Secretary	
John Sayles	Interim Manager	

IN WITNESS WHEREOF, the undersigned has executed this Certificate on the 6th day of December, 2004.

  
\_\_\_\_\_  
Printed Name: David J. O'Brien  
Title: Secretary

STATE OF VERMONT  
COUNTY OF WASHINGTON, ss.

Personally appeared the above-named David J. O'Brien, the Secretary of the Vermont Hydro-electric Power Authority, who made oath that the foregoing Certificate by him subscribed is true.

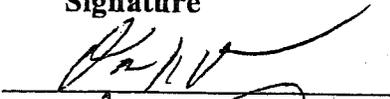
  
\_\_\_\_\_  
Printed Name: *BRENDA PEPIN*  
Notary Public/Attorney at Law

RESOLUTION OF THE  
VERMONT HYDRO-ELECTRIC POWER AUTHORITY

The undersigned, the duly elected and qualified secretary of the Vermont Hydro-electric Power Authority, a body corporate and politic and a public instrumentality of the State of Vermont (hereinafter referred to as the "Authority"), hereby certifies that the following Resolutions were duly adopted by the Board of Directors of said Authority, said Resolutions having been adopted on the 6th day of December, 2004, and that said Resolutions have not been modified or rescinded and are still in full force and effect as of the date hereof.

RESOLVED, that the Board of Directors of the Authority hereby appoints Banknorth, N.A. (hereinafter referred to as the "Bank") as Custodian of certain financial assets of the Authority; and

FURTHER RESOLVED, that the persons designated below, acting singly or together, are hereby authorized and empowered to take such actions and to execute and deliver such documents as may be necessary to discharge the Authority's obligations with respect to the appointment of the Bank as Custodian and with respect to issuing instructions to enable the Bank to discharge its obligations as Custodian of the Authority's assets:

Printed Name	Title	Signature
David J. O'Brien	Treasurer and Secretary	
John Sayles	Interim Manager	

IN WITNESS WHEREOF, the undersigned has executed this Certificate on the 6th day of December, 2004.

  
\_\_\_\_\_  
Printed Name: David J. O'Brien  
Title: Secretary

STATE OF VERMONT  
COUNTY OF WASHINGTON, ss.

Personally appeared the above-named David J. O'Brien, the Secretary of the Vermont Hydro-electric Power Authority, who made oath that the foregoing Certificate by him subscribed is true.

  
\_\_\_\_\_  
Printed Name: *BRENDA PEAN*  
Notary Public/Attorney at Law