

Committee: Rules

Date: 12-10-12

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C. Cowan Watts, L. Keener, J. Coates, J. Baker

RESOLUTION NO. 108-12

COUNCIL OF THE CHEROKEE NATION

A RESOLUTION ALLOWING CHEROKEE NATION TO BEGIN THE APPROVAL PROCESSES FOR LEASES OF LAND AT ACHILOCCO TO THE CHILOCCO WIND PARK, LLC TO EVALUATE AND DEVELOP A WIND FARM

WHEREAS, the Cherokee Nation since time immemorial has exercised the sovereign rights of self-government in behalf of the Cherokee people;

WHEREAS, the Cherokee Nation is a federally-recognized Indian Nation with a historic and continual government to government relationship with the United States of America;

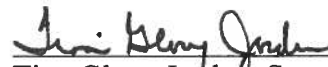
WHEREAS, Cherokee Nation Businesses (CNB) has conducted feasibility studies, transmission studies, and environmental studies pursuing the installation of a wind farm at Chilocco, and received grants from U.S. DOE and U.S. DOI-EMDP for the same;

WHEREAS, Cherokee Nation Real Estate Services wishes to begin to lease processes to allow Chilocco Wind Park, LLC continue to evaluate and develop a Wind Farm at Chilocco.

BE IT RESOLVED BY THE CHEROKEE NATION, that Cherokee Nation recommends approval of the Wind Energy Evaluation Lease and the Wind Resource Lease to the Chilocco Wind Park, LLC for the development of the wind farm.

CERTIFICATION

The foregoing resolution was adopted by the Council of the Cherokee Nation at a duly called meeting on the 10th day of December, 2012, having 16 members present, constituting a quorum, by the vote of 15 yea; 1 nay; 0 abstaining.



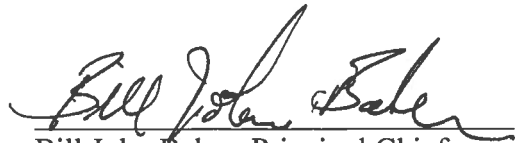
Tina Glory-Jordan, Speaker
Council of the Cherokee Nation

ATTEST:

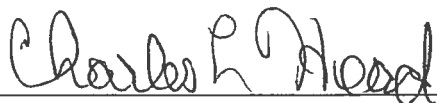


Jodie Fishinghawk, Secretary
Council of the Cherokee Nation

Approved and signed by the Principal Chief this 11th day of December, 2012.


Bill John Baker, Principal Chief
Cherokee Nation

ATTEST:



Charles Head, Secretary of State
Cherokee Nation

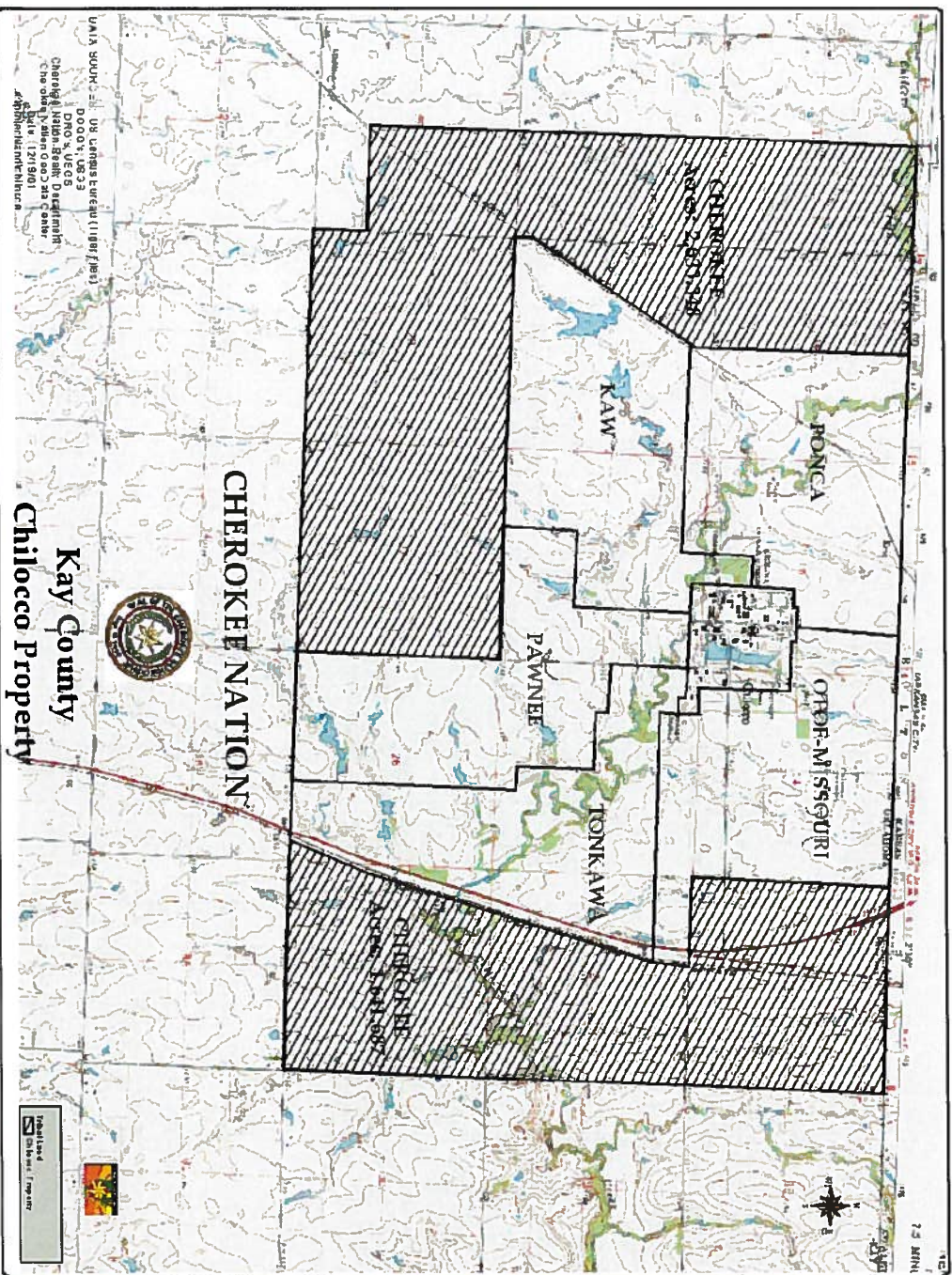


CHEROKEE NATION™
Businesses

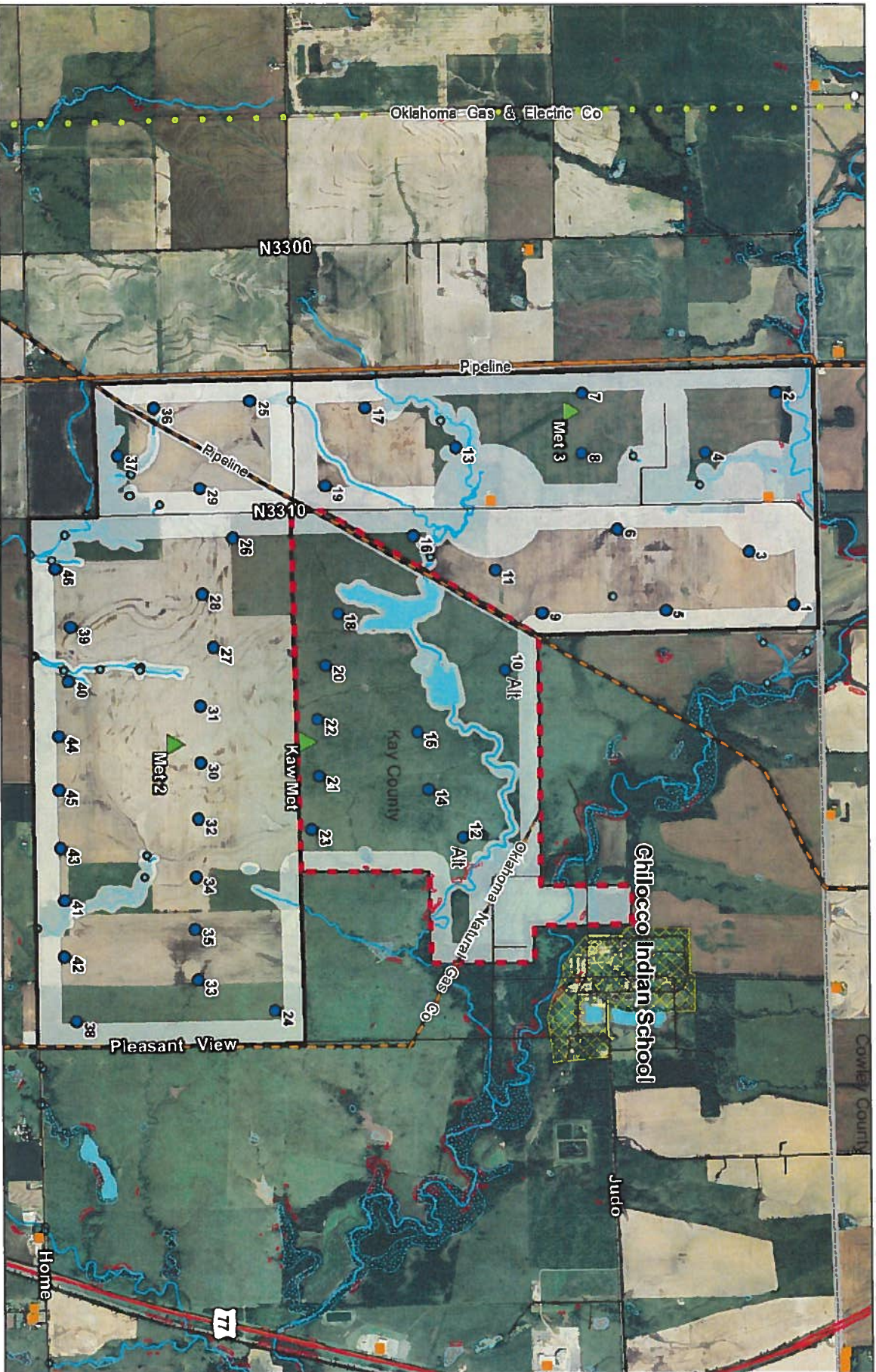
Wind Farm Development Project
Cherokee Nation/CNB
Chilocco

December 2012

Chillico Land Ownership



Tower Location Map



Status of Other Tribes

- Four other Tribes have executed the agreements with PNE:
 - Ponca
 - Otoe
 - Kaw
 - Pawnee
- The Tonkawa's land is not suitable.

Lease Consideration

- Wind Energy Evaluation Lease: Gives access to property.
- Wind Resource Lease: Right to install and maintain turbines.

Lease Value

- Wind Resource Lease: PNE will make annual lease payments of 4% of gross revenues. Estimated value of \$15M over 40 years.
- Wind Energy Evaluation Lease: \$500 annually.
- PNE responsible for BIA approvals.

No Loss of Current Lease Income

- Current agriculture activities will not be interrupted during construction. (Hunting will not be allowed during construction.)
- Post construction, agriculture activities can continue.
- At the end of lease term, the equipment will be removed and land returned to original condition by developer.

CNB/PNE Indicative Term Sheet

- Development fee of \$2M paid in two phases.
- Pay CNB \$25k/MW for each additional MW in excess of 76.8MW.
- Return project to CNB upon expiration or termination of PPA.

Schedule of Assets

- SPP Grid Interconnection
- Environmental Permitting
- Wind Data Collection Files

Development Schedule

- Financial close scheduled December 17, 2012.
- Construction to begin late Q1 early Q2 2013
- Commercial operations begin Q4 2013

Looking Forward

- CNB has first right of refusal for ownership of the wind park.
- \$30M equity investment would be required.
- 12.5% unlevered return for 40 years.
- Up to 18 maintenance jobs (approx. \$80-150K) \$2M annual payroll is budgeted for maintenance staff.

Recommendations

- Execute the Wind Energy Evaluation Lease – This lease between the Nation and PNE gives them the right to access our property for the purpose of measuring the wind energy and performing various permitting functions that require access.
- Execute the Wind Resource Lease – This lease between the Nation and PNE gives PNE the rights to install and maintain wind turbines on our property.
- Execute CNB-PNE Wind Development Agreement – In this agreement, CNB agrees to sell the wind assets that it has acquired while attempting to self develop the project. The more valuable of these assets being the interconnectivity license, environmental permitting, and wind data collection files. The value of this agreement is two million dollars plus five percent of the project profit.
- Move forward with the final phase of the environmental permitting utilizing available grant dollars.