

**BLACK HILLS CORPORATION
BLACK HILLS POWER, INC.
BOARD OF DIRECTORS' MEETING**

APRIL 28, 2014

Black Hills Power First Mortgage Bonds

WHEREAS, management proposed that Black Hills Power, Inc. ("Black Hills Power") issue up to \$110 million of First Mortgage Bonds with a tenor of up to 40 years to fund the Cheyenne Prairie Generating Station and for other purposes.

WHEREAS, the Board of Directors deems it in the best interests of Black Hills Power to authorize the offer and sale of up to \$110 million in aggregate principal amount of the Black Hills Power First Mortgage Bonds (the "First Mortgage Bonds") in a private placement transaction, pursuant to the terms and conditions of a Bond Purchase Agreement (the "Bond Purchase Agreement") and to be issued under a Third Supplemental Indenture (the "Third Supplemental Indenture") to the Restated and Amended Indenture of Mortgage and Deed of Trust of Black Hills Power dated as of September 1, 1999, as amended, by and between Black Hills Power and The Bank of New York Mellon, as Trustee, (the "Indenture"); and

WHEREAS, the Board of Directors deems it in the best interests of the Company and Black Hills Power to proceed with the offer and sale of the First Mortgage Bonds contemplated and described herein;

NOW, THEREFORE, BE IT

RESOLVED, that Black Hills Power sell a principal amount of up to \$110 million First Mortgage Bonds to be issued, sold and delivered pursuant to the terms and conditions of the Bond Purchase Agreement, the Third Supplemental Indenture and the Indenture;

FURTHER RESOLVED, that the Chairman and Chief Executive Officer, any Executive or Senior Vice President or the Vice President – Treasurer of the Company and Black Hills Power (the "Authorized Officers") be, and each of them individually hereby is, authorized and empowered to prepare and distribute a Confidential Offering Memorandum in connection with the offering for sale of the First Mortgage Bonds;

FURTHER RESOLVED, that David R. Emery, Jack W. Eugster, Steven R. Mills and Warren L. Robinson are named members of a Pricing Committee for the sole purpose of approving the terms and pricing of the First Mortgage Bonds (the "Pricing Committee");

FURTHER RESOLVED, that the Authorized Officers be, and each of them individually hereby is, authorized and empowered to negotiate and execute, for, in the name of and on behalf of Black Hills Power, the Bond Purchase Agreement with the investors parties thereto, covering the sale by Black Hills Power and the purchase by the investors of the First Mortgage Bonds, containing such additional terms and conditions as the officers acting may deem necessary, advisable or appropriate;

FURTHER RESOLVED, that Black Hills Power create an issue of First Mortgage Bonds limited to the aggregate principal amount of up to \$110 million to be issued under the Third Supplemental Indenture and the Indenture;

FURTHER RESOLVED, that the form, terms and provisions of the proposed Third Supplemental Indenture to be entered into between Black Hills Power and The Bank of New York Mellon (the "Bank"), relating to the First Mortgage Bonds be, and they hereby are, ratified, confirmed and approved; and that the Authorized Officers be, and each of them individually hereby is, authorized to execute and deliver, in the name and on behalf of Black Hills Power, the Third Supplemental Indenture, bearing substantially those terms as are described in the Confidential Offering Memorandum and Bond Purchase Agreement related to any offer and sale of the First Mortgage Bonds, with such changes therein as the officer executing the Third Supplemental Indenture on behalf of Black Hills Power shall deem proper, such execution of the Third Supplemental Indenture by such officer to be conclusive evidence that such officer deems all of the terms and provisions thereof to be proper;

FURTHER RESOLVED, that the Authorized Officers be, and each of them individually hereby is, authorized and directed to act on behalf of Black Hills Power in fixing the date of maturity of the First Mortgage Bonds and the interest rate, redemption prices and other specific terms thereof on the First Mortgage Bonds in such percentages and dollar amounts as such officer deems to be proper, such approval by such officer to be conclusively evidenced by his execution and delivery thereof;

FURTHER RESOLVED, that, the Authorized Officers be, and each hereby is, authorized and directed to cause up to \$110 million principal amount of the First Mortgage Bonds, to be executed on behalf of and in the name of Black Hills Power and under the corporate seal, attested by the Secretary or any Assistant Secretary, and to be delivered to the Bank, as Trustee, under the Indenture and the Third Supplemental Indenture for authentication and delivery by such Trustee in accordance with the Indenture;

FURTHER RESOLVED, that the officers of Black Hills Power be, and each of them individually hereby is, authorized and empowered, for and on behalf of Black Hills Power, to prepare, execute and file or cause to be filed such documents as are necessary to certify the property additions relating to the

issuance of the First Mortgage Bonds and to subject such property additions to the lien of the Indenture;

FURTHER RESOLVED, that, in the event certificated First Mortgage Bonds are required to be issued under the terms of the Indenture or the Third Supplemental Indenture and facsimile signatures of the Authorized Officers and Secretary or any Assistant Secretary are permitted, the facsimile signatures of the Authorized Officers and Secretary or any Assistant Secretary be, and hereby are, adopted as the signatures to be affixed to the First Mortgage Bonds in the name and on behalf of Black Hills Power; and that a facsimile of the seal of Black Hills Power shall be imprinted on the First Mortgage Bonds, which facsimile is hereby acknowledged to be the seal of Black Hills Power for the purpose of en-sealing the First Mortgage Bonds;

FURTHER RESOLVED, that without in any way limiting the authority heretofore granted to the officers of the Company and of Black Hills Power, individually, or that may have been otherwise conferred upon them, the officers of the Company and Black Hills Power be, and each of them individually hereby is, authorized and empowered to do and perform all such acts and things and to execute and deliver any and all documents and instruments and to take any and all such actions as they may deem necessary, desirable or proper in order to carry out the intent and purpose of the foregoing resolutions and to fully perform the provisions of the aforesaid agreements and instruments, and to incur on behalf of the Company and Black Hills Power all such expenses and obligations in connection therewith as they may deem proper.